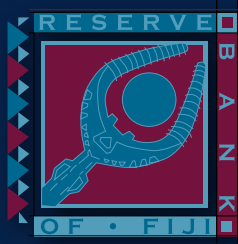


ANNUAL REPORT



RESERVE BANK OF FIJI AUGUST 2023 - JULY 2024

PARLIAMENTARY PAPER NO. 08 OF 2024



Our Vision

Leading Fiji to Economic Success

Our Mission

- Conduct monetary policy to foster sustainable and inclusive economic growth
- Promote an internationally reputable financial system
- Play an influential role in the development of the economy
- Provide proactive and sound advice to Government
- Disseminate timely and quality information to stakeholders
- Enhance operational efficiency through innovation and risk management and
- Develop, empower and retain a professional team

Our Values

- Professionalism in the execution of our duties
- Respect for each other
- Integrity in our dealings
- Dynamism in our operations
- Excellence in everything

The principal purposes of the Reserve Bank shall be

- To regulate the issue of currency and the supply, availability and international exchange of money
- To promote monetary stability
- To promote a sound financial structure
- To foster credit and exchange conditions conducive to the orderly and balanced economic development of the country
- To regulate the insurance industry
- To regulate the capital markets and the securities industry

CONTENTS

2	Letter to the Minister	7	Organisational Structure	10	Corporate Governance
3	Our Functions	8	Board of Directors	15	2023-24 At A Glance
4	Governor's Foreword	9	Executive Management	16	Economic Overview

21

Conduct Monetary Policy to Foster Sustainable and Inclusive Economic Growth

22	Chronology of Monetary Policy Actions, Monetary Policy Outcomes
23	Exchange Rates, Management of Foreign Reserves
24	Exchange Rates Setting, Foreign Exchange Derivative Markets, Foreign Currency Receipts and Payments,
25	Exchange Control

26

Promote an Internationally Reputable Financial System

27	Financial System Regulation and Supervision
33	Capital Markets Industry
36	Currency
38	Payment and Settlement System
40	Box Item 1: Revolutionising the National Payment Systems – A Continuous Journey

41

Play an Influential Role in the Development of the Economy

42	Financial facilities at the RBF
43	Secondary and Retail Bond Market
44	Financial Inclusion
46	Box Item 2: Fiji commits to the Women Entrepreneurs Finance (“We-Fi”) Code
48	Box Item 3: Pacific Islands Regional Initiative (PIRI) Plus – Natadola Roadmap

49

Provide Proactive and Sound Advice to Government

50	Policy Coordination, Registry and Banking Services
----	--

51

Disseminate Timely and Quality Information to Stakeholders

52	Financial Performance Operating Profit and Payment to Government, Records Management, Property Management and Security
53	Domestic Relations, International Relations

55

Enhance Operational Efficiency through Innovation and Risk Management

56	Information Technology, Risk Management
----	---

59

Develop, Empower and Retain a Professional Team

60	Staffing, Management Remuneration, Staff Development Employment Relations
61	Labour Management Consultative Cooperation, National Employment Centre, Internship, Holiday Workers, Service Recognition
62	Box Item 4: The Reserve Bank of Fiji - Celebrating 50 Years of Central Banking
63	Environmental, Social and Governance (ESG) at the Reserve Bank of Fiji

71

Selected Events August 2023 to July 2024

72	The Year Ahead
74	Financial Statements – for the year ended 31 July 2024
119	Five-Year Historical Information
120	Fiji: Key Economic and Financial Indicators
121	Abbreviations

LETTER TO THE MINISTER

RESERVE BANK OF FIJI



Governor

Our Reference:

Your Reference:

19 September 2024

The Honourable Professor Biman Chand Prasad
Deputy Prime Minister and Minister for Finance
Ministry of Finance
Level 10 Ro Lalabalavu House
Victoria Parade
Suva

Dear Honourable Minister

Re: Reserve Bank of Fiji Annual Report and Accounts for the financial year ended 31 July 2024

In terms of sub-section 56(1) of the Reserve Bank of Fiji Act 1983 and on behalf of the Reserve Bank of Fiji, I submit the following:

- (i) A copy of the RBF Annual Accounts for the year ended 31 July 2024 certified by the Auditors and
- (ii) A report on the RBF's Operations for the 2023-2024 financial year.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ariff Ali', written over a horizontal line.

Ariff Ali
Governor

OUR FUNCTIONS

The Reserve Bank of Fiji (RBF)¹ is the central bank of the Republic of Fiji established in 1984 through an Act of Parliament - the RBF Act (1983).

Article 153(2) of the 2013 Constitution states that “in pursuing its primary objects, the Reserve Bank of Fiji must perform its functions independently and without fear, favour or prejudice but there must be regular consultation between the Reserve Bank of Fiji and the Ministry responsible for Finance.”²

Monetary Stability

Under sub-section 4(b) of the Reserve Bank of Fiji Act 1983 (RBF Act), the Bank is required to promote monetary stability through low and stable inflation and to maintain an adequate level of foreign reserves. The Bank undertakes this responsibility through the formulation and implementation of monetary policy. Policy tools include the Overnight Policy Rate (OPR), Open Market Operations, Statutory Reserve Deposits (SRD) and other direct and indirect tools which have been used at various times.

In managing the country’s foreign reserves, the Reserve Bank also administers exchange control policies under the Exchange Control Act (1950).

Financial Stability

Under sub-section 4(c) of the RBF Act (1983), the Bank is mandated to promote a sound financial structure. In undertaking this function, the Bank licenses and supervises banking, insurance, superannuation, and capital markets institutions as well as foreign exchange dealers. The supervised institutions must comply with relevant legislative requirements as well as prudential policies and guidelines issued by the Reserve Bank.

As part of its mandate to ensure financial stability, the Bank identifies and takes steps to mitigate and counter growing risks in individual institutions and the financial system. In this regard, macroprudential supervision has been established to ensure system stability. The Bank’s supervisory role also includes activities to combat money laundering and terrorist financing as mandated under the Financial Transactions Reporting (FTR) Act (2004) and the FTR Regulations (2007).

The Reserve Bank acts as the banker for the Government as well as commercial banks and provides payment and settlement services through FIJICLEAR. This is administered under the National Payment System (NPS) Act (2021) and the NPS Regulations (2022). The NPS Act establishes the legal framework for RBF to regulate and supervise the financial

system, foster development and licence the industry players. The authority for the Bank to supervise the capital markets industry is provided under sub-section 13(1) of the Companies Act (2015), which also covers the administration of takeovers; regulation of securities exchanges & central depository; regulation of securities and industry licences; transactions involving listed securities; capital raising; debentures; managed investment schemes (MIS); insider trading; offences and investigations; and information gathering.

The Fair Reporting of Credit Act (2016), outlines specific responsibilities to the Reserve Bank to register, license, and regulate credit reporting agencies, credit information providers, and credit report recipients as well as to maintain proper standards of conduct and acceptable credit reporting practices.

Currency Management

Under sub-section 22(1) of the RBF Act (1983), the Bank has the sole right to issue currency in Fiji. The Reserve Bank is the sole entity responsible for the printing of notes, the minting of coins, and the destruction and disposal of used and unserviceable notes and coins. The Reserve Bank also determines the denominational structure, design, content, material and composition of Fiji’s currency, subject to the approval of the Minister for Finance.

Financial System Development

The RBF fosters the development of the financial system by implementing policies and initiatives in key areas such as financial inclusion, sustainable finance, micro, small and medium enterprise (MSME) finance, microinsurance, capital markets, superannuation and digital financial services.

The RBF also handles complaints and resolves disputes for licensed and supervised financial service providers. Additionally, the RBF administers the Fiji Personal Property Securities Registry as its Registrar.

Other

The Bank provides banking, registry and foreign exchange services to the Government and is a lender of last resort to commercial banks. Policy advice is provided to the Government through participation in various committees and on request.

¹ Hereinafter, the Reserve Bank of Fiji, RBF, the Reserve Bank or the Bank may be used interchangeably when making reference to the institution.

² This Ministry is now known as the Ministry of Finance, Strategic Planning, National Development and Statistics.

GOVERNOR'S FOREWORD



I am pleased to present the Reserve Bank of Fiji's Annual Report for the Financial Year (FY) 2023-2024. This report offers an overview of the challenges and opportunities experienced during the year and highlights the Reserve Bank's unwavering dedication to fulfilling its mandate and promoting the continued growth of the Fijian economy.

The Fijian economy exhibited resilience in dealing with ongoing risks stemming from restrictive monetary policy in its trading partner economies and the escalation of inflationary pressures from both domestic and international factors. After registering a record-high growth of 19.8 percent in 2022, followed by a 7.5 percent expansion last year, the domestic economy growth is projected to grow for the third consecutive year in 2024, albeit at a slower pace. The out-turn in economic activity is driven by a robust tourism sector, supported by an increase in Government expenditure and historically low rates in the financial sector.

Amidst various domestic and global developments, the RBF remained focused on its core mandates of maintaining a sufficient level of foreign reserves, stable inflation and financial stability. Given the acceptable outlook for the dual monetary policy objectives, an accommodative monetary policy stance was sustained throughout the review period

to support the domestic economy. The past financial year presented us with inflationary challenges as the annual headline inflation averaged 4.8 percent in the 2023-24 FY compared to 2.7 percent recorded in the previous FY. This increase was driven by global and domestic factors, including tax adjustments in Fiji's National Budget which caused a price surge in food and non-alcoholic beverages. Despite these hurdles, our foreign reserves remained at a comfortable level of around \$3.6 billion at the end of July 2024, sufficient to cover 5.8 months of retained imports and was supported by Government loan drawdowns, inflow of grants as well as robust tourism receipts.

The RBF released its 2023 Financial Stability Review report in November 2023, which highlighted that the Fijian financial system remains strong and well-capitalised and had demonstrated resilience in the face of challenges affecting global financial stability, including the banking tension experienced earlier last year, a deceleration in global economic growth, and heightened geopolitical pressures.

Conditions in the financial sector continued to remain sound, stable and competitive during the 2023-2024 FY, aligning with the Reserve Bank's accommodative monetary policy stance and was evidenced by a decline in non-performing loans and a rise in private sector credit. These favourable outcomes were supported by a low-interest rate environment, strong capital positions, and ample liquidity levels in the banking system. As of July 2024, the financial system's gross assets amounted to \$30.7 billion and were subject to both offsite and onsite prudential oversight.

During the financial year 2023-2024, the RBF did not provide additional lending under the Disaster Rehabilitation and Containment Facility (DRCF) and the Import Substitution and Export Finance Facility (ISEFF) as the banking system liquidity and the prevailing low-interest environment was sufficient to support private sector borrowing.

Comfortable levels of foreign reserve holdings also facilitated a relaxation of capital controls to delegations that were in place pre-pandemic. In June 2024, the Bank



expanded the delegation granted to Authorised Dealers by increasing the limits on capital transactions and selected payments. These modifications are intended to improve operational efficiency by simplifying foreign exchange payments for businesses.

Net foreign exchange income for the 2023-24 FY also rose to an all-time high of F\$124.7 million from F\$86.1 million in the previous year, reflecting the robustness of the Bank's strategic investment decisions amidst favourable global interest rates. This prudent management of the nation's foreign reserves also contributed to the Bank's substantial all-time high net profit, which amounted to \$135.5 million in the 2023-24 FY, surpassing the profit of \$102.2 million recorded in 2023. In accordance with subsection 34(3) of the RBF Act, a total of \$136.2 million was transferred to the Government in September 2024, inclusive of the net profit earned and \$1.7 million constituting one-fifth of the Revaluation Reserve Account, after a net transfer of \$1.0 million to the Reserve Bank's General Reserves.

Other initiatives included the Bank collaborating with the Fiji Bureau of Statistics to consolidate the current Overseas Exchange Transactions (OET) codes into a single code for Receipts and Payments to better reflect present-day foreign exchange transactions. The RBF has also been monitoring derivatives transactions to ensure compliance with guidelines and has made improvements to its FX Swap facility for commercial banks to enhance efficiency.

To promote consumer empowerment and ethical conduct within financial institutions, the RBF issued the Financial Systems Development Policy Statement (No. 3) for the protection and fair treatment of financial consumers and the Prudential Supervision Policy Statement (No.3) on minimum requirements for the management of culture and conduct risk for supervised entities. Effective from April 2024, these policies set the minimum requirements for financial service providers on the standards of fair practice in delivering their services and product offerings so that consumers can make informed financial decisions. It also ensures that the Board and senior management play a lead role in establishing culture and behavioural standards that promote prudent risk-taking as well as fair treatment of

customers.

The RBF continued to work on digitally transforming the country's payment system. In November 2023, phase two of the National Payment System's Automated Clearing House (ACH) component was launched, enabling instant interbank transactions between commercial banks. This development aims to enhance efficiency across the financial and real sectors and support economic activity.

The RBF also focused on addressing the critical issue of climate change and its role as a policymaker in climate risk financing. The RBF was instrumental in launching the Natadola Roadmap to Inclusive Green Finance (IGF) in the Pacific in June 2024, an initiative which aims to develop and implement regional IGF projects that promote green financial inclusion across climate-vulnerable countries in the Pacific. The initiative involved partnerships with other central banks from the Pacific region and Seychelles under the Alliance for Financial Inclusion (AFI)'s Pacific Islands Regional Initiative (PIRI) Plus program.

Additionally, in February 2024, the RBF facilitated the International Finance Corporation (IFC)'s online survey³ to assess the current state of environmental, social and governance (ESG) practices within the financial sector and understand the capacity of Fijian financial institutions in identifying and managing ESG risks. The survey is an essential step in developing relevant guidance and toolkits to support Fiji's financial sector's transition towards ESG integration. The Bank also continued to increase holdings of ESG bonds in line with broader strategic endeavours. At the end of the FY, ESG bond holdings, namely green, social and sustainability bonds, comprised 17.6 percent of the investible foreign reserves portfolio.

The Reserve Bank of Fiji commemorated 50 Years of Central Banking, culminating the event on July 31, 2024. The year-long celebrations were designed to provide an opportunity for introspection on the bank's historical journey and accomplishments, while also serving as a platform to reinforce connections with current staff, former employees, stakeholders, and the community. Notable highlights encompassed the unveiling of a time capsule

³ Fiji Financial Institution ESRM (Environmental and Social Risk Management) Capacity Assessment Survey.



interred within the RBF building in 1983, a commemorative event honouring former long-serving staff, benevolent contributions, and community-centric initiatives. As the festivities ended, a new time capsule was placed for unveiling by the future generation.

Looking ahead, the Bank finalised its new 5-year strategic plan for the period August 2024 to July 2029. A comprehensive review of our vision statement, strategic priorities and thematic areas was undertaken with widespread consultation and feedback from internal and external stakeholders.

Finally, this Annual Report reflects the collective dedication, resilience, and strategic vision of our institution, staff,

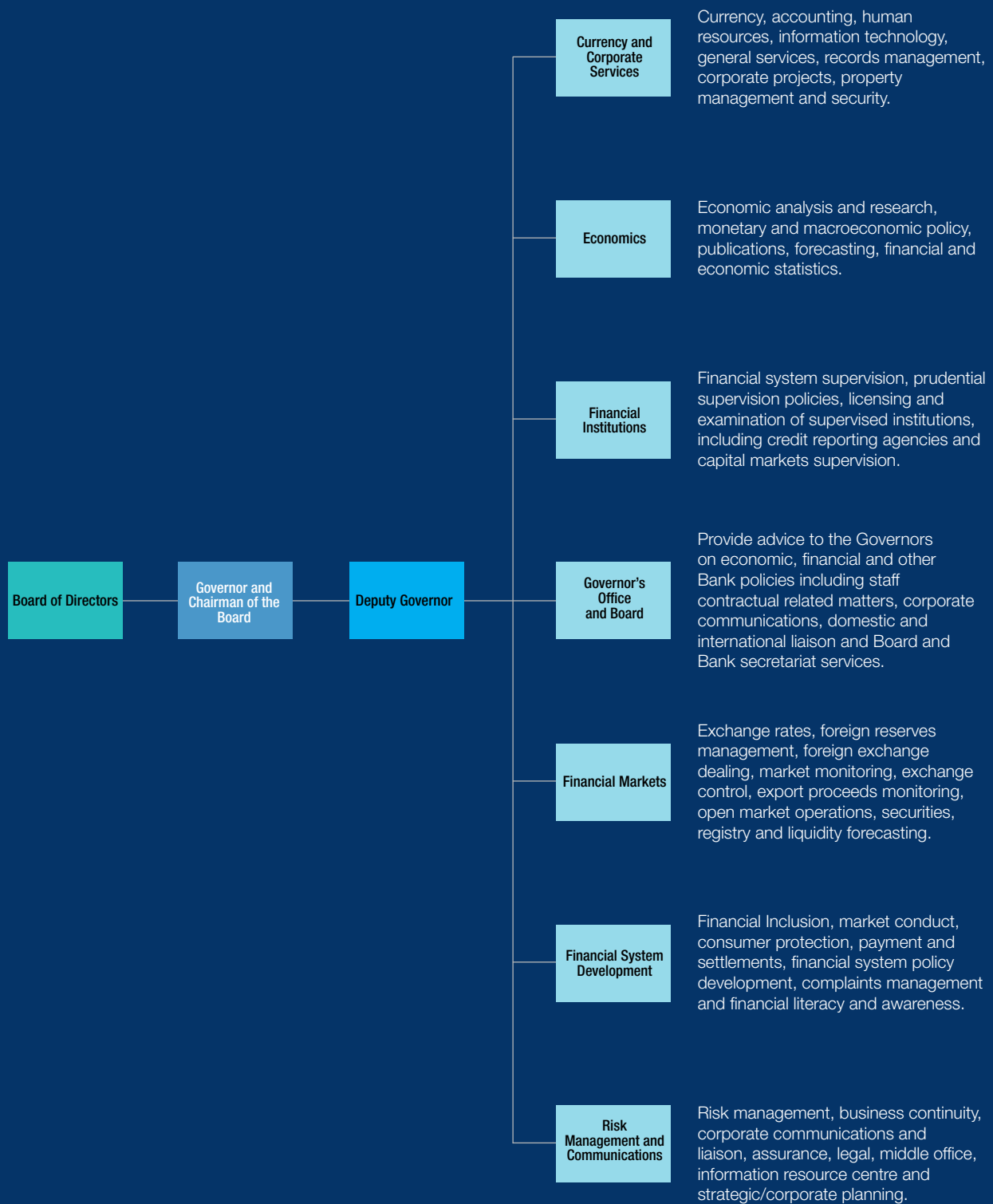
and valued partners. Therefore, I express my sincere gratitude to the Board of Directors, the dedicated staff of the Reserve Bank of Fiji, and our valued partners for their support and contributions. This financial year's achievements would not have been possible without their commitment and collaboration.



.....
Ariff Ali
Governor and Chairman of the Board



ORGANISATIONAL STRUCTURE



BOARD OF DIRECTORS



Ariff Ali
Governor and Chairman of the Board

Appointed as Governor on 11 September 2017 and was reappointed in 2022 for five years. Alternate Governor for Fiji at the International Monetary Fund (IMF). Chair of the Board Directors of the Alliance for Financial Inclusion (AFI). Chair of the Monetary Policy Committee. Chair of the Macroeconomic Committee (MC). Chair of the National Financial Inclusion Taskforce. Chair of the Government Tender Board. Chair of the Accident Compensation Commission Fiji.



Shiri Krishna Gounder
Permanent Secretary,
Ministry of Finance (Ex-officio)

Appointed to the Board on 16 March 2021. Board Director of the Fiji National Provident Fund (FNPF) and Fiji Revenue and Customs Services (FRCS). Board Member of Fiji Airways and Energy Fiji Limited (EFL). Member of the MC. Alternate Governor for Fiji at the World Bank and the Asian Infrastructure Investment Bank.



Nikita Patel
Director

Appointed to the Board on 14 February 2021 for three years. Reappointed on 14 February 2024 for another three years. Chair of RBF's Board Governance Committee (BGC) and Member of the Board Audit and Risk Committee (BARC). Chief Financial Officer for Vinod Patel & Company Pte Limited. Chartered Accountant, member of Chartered Accountants Australia & New Zealand and Fiji Institute of Chartered Accountants (FICA).



Bobby Naimawi
Director

Appointed to the Board on 14 February 2021 for three years. Reappointed on 14 February 2024 for three years. Chair of RBF's BARC. Chief Operating Officer for EFL. Former Chief Financial Officer for EFL. Member of FICA and Australian Institute of Company Directors (AICD).



Peni Sikivou
Director

Appointed to the Board on 4 February 2024 for three years. Consultant Policy Advisor, Strategic Planning Officer, Ministry of Finance, National Development, Strategic Planning and Statistics. Member of RBF's BGC. Former Lecturer with the Fiji National University. Former Director Melanesian Spearhead Group. Member of the Fiji Human Resources Institute.



Ashnita Kisun
Director

Appointed to the Board on 1 April 2024 for three years. Director/Company Secretary for Shop N Save Group. Served as a Solicitor in law firms in Fiji and Australia between 2012 and 2016. Member of Fiji Law Society. Admitted as a Barrister & Solicitor to the High Court of Fiji in 2015. Admitted as an Australian Lawyer to the Supreme Court of New South Wales in 2009. Member of RBF's BGC.



Fantasha Lockington
Director

Appointed to the Board on 9 June 2024 for three years. Chief Executive Officer of the Fiji Hotel and Tourism Association. Member of the AICD. Board Director of the Fiji Commerce & Employers Federation (FCEF). Board Director of Tourism Fiji. Chair for the FCEF Tourism & Transport Council. Member of the USP Hospitality & Tourism Industry, Industry Advisory Committee (IAC). Tourism Employer's Representative on the Employment Relations Advisory Board (ERAB) and Wages Council Tourism Representative. Member of RBF's BARC.

- **Tony Whitton, Officer of the Order of Fiji (OF)** (Not in photograph). - Board Director from 3 March 2015 to 2 March 2024.
- **Pradeep Patel** (Not in photograph). - Board Director from 9 June 2014 to 8 June 2024.

EXECUTIVE MANAGEMENT



Esala Masitabua
Deputy Governor

Appointed as Deputy Governor in January 2018. Chief Manager Financial Markets Group (2013-2017). Chief Manager Financial Institutions Group (2010-2012). Chief Manager Currency and Corporate Services Group (2005-2009). Manager Accounting (2001-2004). Seconded to the IMF for 2 years, since November 2023.

Susan Kumar
Acting Deputy Governor

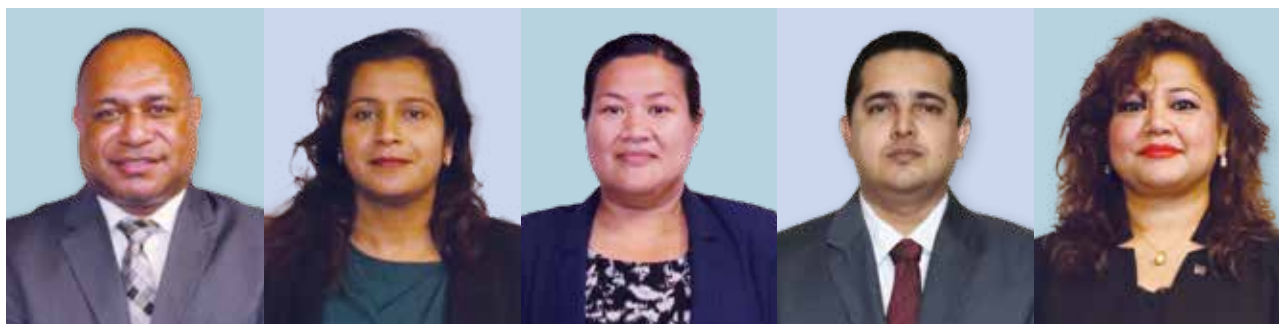
Appointed as Chief Manager of Currency and Corporate Services Group in May 2011. Rotated as Chief Manager of Risk Management and Communications Group (2019-2020). Acting Chief Manager Currency and Corporate Services Group (2009-2010). Manager Accounting (2006-2008). Acting as Deputy Governor from 8 April 2024 to 4 October 2024.

Caroline Waqabaca
Chief Manager
Financial System Development

Appointed as Chief Manager of Financial System and Development Group in January 2023. Chief Manager Financial Markets Group (2018-2022). Chief Manager Economics Group (2011-2017). Seconded to the International Monetary Fund as an Advisor in the Southeast Asia Group in Washington, D.C. (2013-2015). Manager Financial Conditions (2009-2010). Manager Corporate Communications (2003-2006). Acted as Deputy Governor from 5 October 2023 to 5 April 2024.

Vilimaina Dakai
Chief Manager
Financial Institutions

Appointed as Chief Manager of Financial Institutions Group in January 2014. Rotated as Chief Manager of Risk Management and Communications (2018-2019). Manager Financial Institution Supervision (2003-2013).



Petaia Tuimanu
Chief Manager
Financial Markets

Appointed as Chief Manager of Financial Markets Group in January 2023. Chief Manager Economics Group (2018-2022). Seconded to the International Monetary Fund as an Advisor in the Southeast Asia Group in Washington, D.C. (2015-2017). Manager External Conditions (2013-2014). Manager Financial Conditions (2010-2012).

Ragni Singh
Chief Manager
Risk Management and
Communications

Appointed as Chief Manager of Risk Management and Communications Group in April 2022. Acting Chief Manager Risk Management and Communications Group (April 2021-March 2022). Manager Financial Institutions Supervision (2011-2021).

Jacinta Hesaie
Acting Chief Manager
Economics

Appointed as Acting Chief Manager of Economics Group from 1 January 2023 to 17 December 2023 and from 8 April 2024 to 31 December 2024. Manager External Conditions (2021-2022). Manager Research (2020-2021). Seconded to the International Monetary Fund Resident Representative's Office (2017-2020). Senior Economist Prices and Wages Unit (2015-2017). Senior Economist Domestic Activity and Forecasting (2013-2015).

Rohitesh Chand
Acting Chief Manager
Currency and Corporate
Services

Appointed as Acting Chief Manager of Currency and Corporate Services Group from 8 April 2024 to 4 October 2024.

Subrina Hanif
Board Secretary

Appointed as Board Secretary in April 2010. Acting Board Secretary (December 2009 to April 2010). Acting Manager in Economics Group (November 2008 to November 2009).

• **Shelvin Karan** (Not in photograph) - Appointed as Acting Chief Manager of Economics Group from 18 December 2023 to 5 April 2024.

CORPORATE GOVERNANCE

The RBF was established as an independent institution under the Reserve Bank of Fiji Act (1983) and is fully owned by the Government of Fiji. The functions and duties of the Reserve Bank are specified in the RBF Act (1983), Banking Act (1995), Insurance Act (1998), Exchange Control Act (1952), Financial Transactions Reporting Act (2004), Fiji National Provident Fund Act (2011), Companies Act (2015), Fair Reporting of Credit Act (2016), Personal Property Securities Act (2017) and National Payment System Act (2021).

Article 153 of the 2013 Constitution of the Republic of Fiji states as follows:

(1) *The RBF is the central bank of the State, whose primary objects are:*

- a) *To protect the value of the currency in the interest of balanced and sustainable economic growth;*
- b) *To formulate monetary policy;*
- c) *To promote price stability;*
- d) *To issue currency; and*
- e) *To perform other functions conferred to it by written law.*

(2) *In pursuing its primary objectives, the RBF must perform its functions independently and without fear, favour, or prejudice. However, there must be regular consultation between the RBF and the Minister responsible for Finance.*

(3) *The powers and functions of the RBF are those customarily exercised and performed by central banks.*

(4) *The Governor of the Reserve Bank shall be appointed by the President on the advice of the Constitutional Offices Commission, following consultation with the Minister responsible for Finance.*

(5) *A written law must provide for the composition, powers, functions and operations of the RBF.*

(6) *The RBF must deliver quarterly and annual reports to Parliament and any other reports when required by law or requested by resolution.*

The RBF's performance is documented in an Annual Report and tabled in Parliament every year. Under sub-section 56(1) of the RBF Act, the Bank's Annual Accounts and a Report of Operations must be submitted to the Minister for Finance within three months after the end of the financial year.

Under the Insurance Act, the Insurance Annual Report is published annually on a calendar year basis and must be submitted to the Minister for Finance by 30 June of the following year.

The Vision of the Bank is "Leading Fiji to Economic Success" and is supported by the Mission statements and a set of Values.

The Governor

The Governor serves as the Bank's Chief Executive Officer and is responsible to the Board of Directors for the management of the Bank and the execution of its policies. Mr Ariff Ali was initially appointed as the Governor of the Reserve Bank of Fiji on 11 September 2017 for a 5-year term. He was reappointed for another five years with effect from 11

September 2022. Mr Ali served as the Deputy Governor since 27 May 2014 and acted as Governor from 28 May 2017 prior to his appointment as Governor.

Board of Directors

The Reserve Bank Board comprises the Governor, who serves as the Chair, the Permanent Secretary for Finance (PSF), who is an ex-officio member, and five other non-executive members, a total of seven. Appointments to the Board are made by the Minister for Finance, as stipulated in the RBF Act. A Director may be appointed for a period not exceeding three years and is eligible for re-appointment.

Mr Shiri Krishna Gounder, PSF, is an ex-officio member. At the beginning of 2024, the terms of two Directors who served for nine and 10 years, respectively, ended, and three new Board Members were appointed. As at 31 July 2024, apart from PSF, Ms Nikita Patel, Mr Bobby Naimawi, Mr Peni Sikivou, Ms Ashnita Kisun Deo and Ms Fantasha Lockington were the Bank's Board Directors. Mr Tony Whitton (OF) and Mr Pradeep Patel served on the Board up to 2 March and 8 June 2024, respectively.

Board Meetings

Under the RBF Act, the Board is required to meet at least ten times in a year. A minimum of four Directors

form a quorum for a meeting of the Board. In the absence of the Governor, the Deputy Governor participates in the Board meetings and is entitled to exercise a vote. In addition, in the absence of the Governor, another Director present shall be appointed by consensus of the Directors to chair the Board meeting.

Board meetings are usually held on the last Thursday of each month. During the 2023/2024 financial year, all meetings were held face-to-face, except one Special Board meeting, where a Director attended virtually. The Bank's Corporate Governance Charter allows for entirely virtual Board and internal Committee meetings, if necessary.

Each Director is required under the RBF Act to sign a declaration to maintain confidentiality in relation to the affairs of the Board and the Reserve Bank upon appointment to the Board.

The Board has a Conflict of Interest (COI) Policy and maintains a Conflict of Interest (COI) Register for its Board Directors. Depending on the

nature of matters discussed and the conflict declared, Directors may be excused from the meeting. All COIs are minuted and noted in the (COI) Register.

The Board convened 11 ordinary and one special meeting during the review period on the following dates:

31.08.23	26.10.23	29.02.24	30.05.24
25.09.23	07.12.23	28.03.24	27.06.24
28.09.23	31.01.24	25.04.24	25.07.24

Attendance by members at meetings of the Board, including their eligibility to attend the meetings are shown in Table 1.

Members of Executive Management are also invited to attend the Board meetings, as required, apart from the Deputy Governor. During the review period, given the substantive Deputy Governor is on a 2-year secondment to the IMF, Chief Managers have been acting as Deputy Governor for six months each.

Board Committees

The RBF Board has two Committees - the Audit and Risk Committee and the Governance Committee, which comprise non-executive members.

Decisions of the Committees are submitted to the Board for ratification. Functions of the two Committees are subsequently described. The Deputy Governor attends meetings of both the Committees on a regular basis as the chief representative of the Bank's management. Other senior Bank executives are also invited to these meetings, as required.

The Board Audit and Risk Committee (BARC) monitors the adequacy of the audit function in the Bank and assists the Board in fulfilling the requirements of the RBF Act in relation to the Bank's accounting and reporting practices. In carrying its responsibilities, the Committee reviews and monitors the following functions:

- external and internal audit;
- risk management and business continuity;
- statutory compliance; and
- internal accounting control.

Mr Pradeep Patel served as the Chair of the BARC up to 8 June 2024. Subsequently, with effect from 9 June 2024, Mr Bobby Naimawi was appointed as the Chair of the

Table 1: Board Meetings August 2023-July 2024 Attendance by Members

Director	Board Meetings	
	Attended	Eligible to Attend
Ariff Ali	12	12
Shiri Krishna Gounder	7	12
Pradeep Patel	10	10
Tony Whitton (OF)	7	7
Nikita Patel	11	12
Bobby Naimawi	11	12
Peni Sikivou	5	6
Ashnita Kisun Deo	4	4
Fantasha Lockington	2	2

Source: Reserve Bank of Fiji



12 RBF Board Meetings during the financial year

BARC with Ms Nikita Patel and Ms Fantasha Lockington as members. Four ordinary and two special BARC meetings were convened during the financial year on the following dates:

21.09.23	26.09.23	27.10.23
05.12.23	26.03.24	19.06.24

Eligibility and attendance by members at meetings of the BARC are shown in Table 2.

The role of the Board Governance Committee (BGC) is to strengthen the governance of the Bank and to ensure the accountability of the Office of the Governor to the Board. The main functions of the Committee are to oversee compliance with the Bank's Corporate Governance Charter and undertake the bi-annual performance appraisal of the Governor and Deputy Governor based on agreed key performance indicators (KPIs). Board members who are not members of the BGC are also invited to assess the performance of the Governors. In addition, all staff related matters such as the review of the remuneration structure, terms and conditions of employment for staff and members of Executive Management, are reviewed and approved by this Committee.

Mr Tony Whitton (OF) served as the Chair of the BGC up to 2 March 2024. With effect from 3 March 2024, Ms Nikita Patel was appointed

as Chair with Mr Peni Sikivou and Ms Ashnita Kisun Deo as Members. During the review period, BGC met four times on the following dates:

27.09.23	06.12.23	27.03.24	26.06.24
----------	----------	----------	----------

Attendance by members at meetings of the BGC and their respective eligibility are shown in Table 3.

For continuous improvement, the Board undertakes an annual assessment of its own performance and that of its two Committees. This process commenced in 2013. In addition, since 2017, Members of Executive Management have assessed the performance of the Board Directors on an annual basis.

Annual evaluations are conducted for the Bank's internal and external auditors. Results of the assessments are shared with the internal and external auditors during the private meetings of BARC with the auditors, respectively.

A quarterly report on all declared COI is provided to the BGC. Directors are also required to complete a Declaration of Compliance and COI at the end of the year. The Declaration of COI database is updated during the course of the year by the Directors, as necessary.

Bank Management

The Executive Management of the Reserve Bank comprises the

Governor, Deputy Governor and all Head of Groups. The Governor is advised by a number of internal committees within the Bank:

- the *Executive Management Committee* meets fortnightly to consider the management and day-to-day operations of the Bank;
- the *Monetary Policy Committee* meets monthly, or more often as necessary, to discuss economic and monetary developments;
- the *Market Operations Policy Committee* meets monthly to discuss the Bank's domestic markets operations;
- the *Financial System Policy Committee* meets monthly to review financial system soundness and stability;
- the *Investment Committee* meets monthly to provide strategic direction and oversight of the Bank's domestic and foreign investments;
- the *Financial System Development Policy Committee* meets monthly to discuss the financial system and developments in capital markets, payment systems, financial inclusion and consumer issues including complaints management;
- the *Corporate Services Policy Committee* meets quarterly to

Table 2: BARC Meetings August 2023-July 2024 Attendance by Members

Director	Board Audit and Risk Committee Meetings	
	Attended	Eligible to Attend
Pradeep Patel	5	5
Bobby Naimawi	5	6
Nikita Patel	6	6
Fantasha Lockington	1	1

Source: Reserve Bank of Fiji

Table 3: BGC Meetings August 2023-July 2024 Attendance by Members

Director	Board Governance Committee Meetings	
	Attended	Eligible to Attend
Tony Whitton (OF)	2	2
Pradeep Patel	3	3
Nikita Patel	4	4
Peni Sikivou	2	2
Ashnita Kisun Deo	1	1
Fantasha Lockington*	1	1

* invited as an observer
Source: Reserve Bank of Fiji

discuss matters relating to internal services;

- the *Payment Systems Policy Committee* meets monthly to discuss matters involving domestic and international payment and settlement issues, and the licensing, regulation and supervision of payment systems in Fiji;
- the *Currency Technical Committee* meets monthly to discuss issues relating to currency management and numismatics;
- the *Human Resources Steering Committee* meets quarterly to discuss matters relating to the implementation of the HR Strategic Plan and provide oversight to the overall HR functions of the Bank;
- the *Information Technology Steering Committee* meets quarterly to discuss IT development and operations;
- the *Risk and Business Continuity Management Committee* meets quarterly to discuss risks and their impact on the operations of the Bank, formulate effective strategies to address risks and
- The *Strategic Planning Committee* is activated when the Bank embarks on its new Strategic Plan. This Committee met mostly on a weekly basis with Members of Executive Management, Managers and staff. Ad hoc meetings were also held with the Governor, Group Heads and Managers. Meetings were convened from January to August 2024.

The Governor (or in his absence, the Deputy Governor) chairs all these Committees.

Other special and technical Committees of the Bank are

chaired by the Deputy Governor for operational oversight and to create an independent channel for appeals or complaints, such as the Ethics Committee, Tenders Committee and Project Committees for the NPS, amongst others.

Delegation of Authority

All activities and expenditures in the Bank must be authorised in accordance with the respective delegations, policies and procedures. The Board receives monthly financial reports comparing the actual outcomes against the budget.

The Code of Conduct policy provides guidance on compliance with ethical standards.

The Declaration of Compliance, signed annually by all staff, provides assurance of understanding and compliance with the Code of Conduct, Delegation of Authority and all internal Bank policies.

The Delegation of Authority is updated regularly to ensure that it is current and relevant.

The Bank's most significant risks are Strategic, Financial, Operational and Reputational risks. Macroeconomic Stability risk, Financial Stability risk, and Governance risk are subsets of strategic risk. The Bank has an established framework to ensure these risks are regularly evaluated and managed.

The framework has structures, policies, and procedures that set the delegation of roles and responsibilities, accountability and transparency in decision-making processes, management of conflict of interest situations, testing of fitness and propriety against benchmarked performance, and scrutinising of remuneration arrangements.

Conflict of Interest

Section 18 of the RBF Act (1983) requires all Board Directors and staff to fully disclose all COI to the Bank. The Bank has established comprehensive policies and procedures to guide both staff and Board members on disclosing actual or perceived COI. This ensures that all representatives of the Bank conduct themselves with unwavering honesty and integrity in all their dealings. The Bank was able to automate the COI process which will enable staff to efficiently update their COI. This reinforces the Bank's commitment to maintaining the highest ethical standards in its operations and protects staff from liability on full disclosure.

Planning Cycle and Monitoring

The progress of the outputs during the initial six months of the FY (August-January) was collated and a comprehensive report was submitted to the Board. The formulation of the Bank's Work Plan for the upcoming FY commences in April with comprehensive discussions regarding the key priorities of the Annual Work Plan. The Work Plan is thoughtfully developed to align with the strategic priorities and missions of the Bank. Each output is mapped to the corresponding strategic priority and outcome, to align with the Bank's Vision. This structured approach ensures that the Bank remains focused on its strategic goals and mission throughout the planning and implementation process.

The Bank adopts a zero-based budgeting approach to allocate financial resources for the upcoming year, carefully evaluating the plans submitted by the Groups. This process ensures that financial resources are allocated based on the specific needs and priorities identified in the Work Plan, fostering optimal

resource utilisation.

With the Bank projecting an improved return on income, significant investments have been made to ensure the Bank has the best qualified staff and technology to carry out the Bank's mandate. For the 2023-24 financial year the Bank successfully filled 28 vacant positions. These filled positions will contribute to the achievement of organisational goals, bring fresh perspectives, skills & ideas that add value to the Bank and foster innovation, leading to potential growth opportunities.

Administrative and other expenditure for the 2023-24 FY increased by \$2.80 million compared to the 2022-23 FY and by \$5.74 million in comparison to the 2021-22 FY. Similarly, capital projects that were delayed or on hold were re-commenced to ensure continued efforts towards driving the strategic theme of renewing ways of doing business and reinforcing a culture of innovation.

The final Annual Work Plan and Budget for the 2023-24 Financial Year were presented and approved by the Board at its July meeting.

It is the responsibility of the Heads of Groups to see that the objectives in the annual Work Plans and the five-year Strategic Plan are successfully achieved. For maintaining a proactive approach, the reporting of the 2019-2024 Strategic Plan progress was done on a quarterly basis. This periodic assessment has enabled the Bank to stay on course, spot any possible deviations and act promptly to address them.

In the final year of the Strategic Plan, many of the planned deliverables were completed, therefore, the Bank is on track to fulfill the objectives of the 2019-2024 Strategic Plan. Despite the need to reprioritise some outputs, the Bank remained dedicated to carrying out its duties as outlined in the plan. The outcomes clearly illustrate the significant impact of the Bank's work over the last five years. The Bank's commitment to its strategic goals has been crucial in achieving the outcomes even in the face of the ever-changing internal and external environment.

2024-2029 Strategic Plan

Work for the 2024-2029 Strategic Plan started in August 2023 with the Leadership Team taking the time to be refreshed on the objectives of strategic planning and why it was

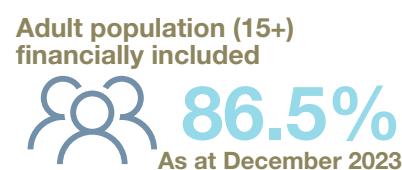
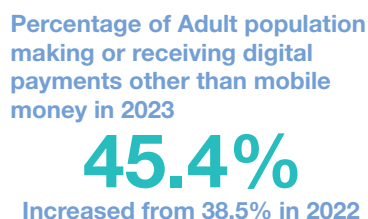
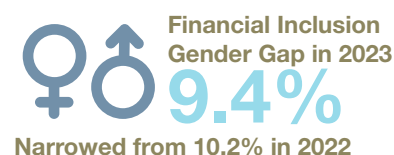
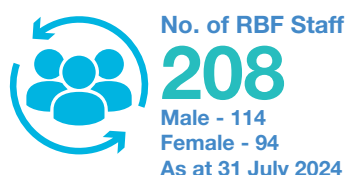
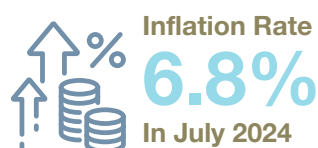
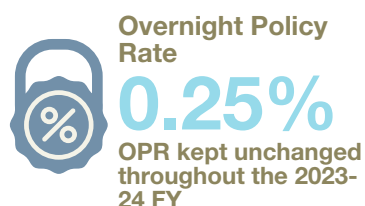
important to the Bank. To ensure a bottom-up approach to the strategic planning process, various sessions were held with senior staff and the management team to discuss their assessment of the Bank's performance against the current strategic plan and highlight their expectations of the Bank's priorities in the next five years. This included a PESTLE analysis for the Bank and possible strategic priorities and thematic areas for the next five years.

An employee engagement survey was also carried out from December 2023 till February 2024 to receive feedback from the wider RBF community. The survey provided key insights regarding the aspects of success as well as areas requiring consideration and strategies in the next plan. As meeting stakeholder expectations is considered one of the strategic priorities, the planning process had to ensure that there was consultation with our key stakeholders which included seeking feedback from our former board members. A stakeholder feedback survey was also carried out in February.

The 2024-2029 Strategic plan was finalised and will focus on three key thematic areas and nine priority areas as shown in the table below:

Theme	Priorities
Safeguarding our Institutional Resilience	Macroeconomic Stability, Financial Stability & Currency Management
	Institutional Governance & Risk Management
	Communications & Relationship Management
	People & Culture
Promoting Sustainability & Inclusion	Sustainable & Resilient Central Bank
	Sustainable & Inclusive Financial Sector
Enabling Digital Transformation with Safety	IT & Cyber Risk Management
	Technology Driven Processes
	Innovation with Risk Management

2023-24 AT A GLANCE



ECONOMIC OVERVIEW

Global economic growth is estimated to remain stable at just above 3.0 percent in 2024 and 2025. Inflation is projected to moderate despite upward pressure from services inflation, allowing central banks to implement policy adjustments slowly. Despite the slow pace of global growth, when compared to historical standards, the Fijian economy remains resilient, largely due to a strong tourism sector.

International Economic Developments

Global economic conditions improved in the second half of 2023 as stronger private and government spending sustained activity. In addition, increased labour force participation and falling energy and commodity prices helped mend supply-side constraints. This resilience and improved demand flowed into 2024, strengthening global activity and trade. The International Monetary Fund (IMF), in its July 2024 World Economic Outlook (WEO) report, forecast global economic growth at 3.2 percent in 2024 and 3.3 percent in 2025 (Figure 1). While growth remains broadly stable, the progress on disinflation towards inflation goals remains limited, particularly from high services prices linked to domestic

wage developments and country-specific factors.

Global headline inflation is forecast to moderate from 6.7 percent in 2023 to 5.9 percent in 2024, however, the disinflation momentum is slowing due to persistent services and commodity price pressures. In some advanced economies, especially the United States (US), progress on disinflation has slowed, and risks are to the upside. This has put other advanced economies, where underlying inflation is cooling more and in line with expectations, such as the Euro Area and Canada, ahead of the US in the easing cycle.

While annual growth in Fiji's major trading partners has broadly slowed in recent quarters, it is moderate and remains positive. On the other

hand, progress on disinflation has been mixed, causing central banks in respective economies to adjust monetary policy in response to the latest data and evolving economic conditions.

The US economy is anticipated to grow by 2.6 percent in 2024 from a 2.5 percent expansion in 2023 as consumer spending is expected to remain strong for 2024 supported by growth in nominal wages. Labour market conditions remained tight in July 2024, lingering at a historical high of 4.3 percent (3.5% in July 2023). The annual inflation rate slowed to 2.9 percent in July 2024 (3.2% recorded in July 2023) due to moderating prices for food, petrol, rent and other necessities. In July 2024, the Federal Reserve kept the federal funds rate unchanged at 5.25-5.50 percent.

Figure 1: World Gross Domestic Product (GDP) Growth Rates

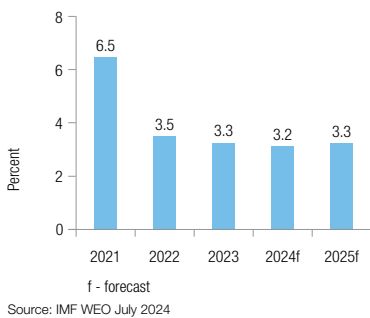
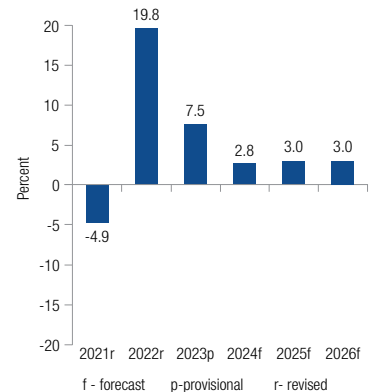


Figure 2: Fiji's GDP Growth Rates



In the Euro Area, growth is projected to be 0.9 percent in 2024, following a 0.5 percent expansion in 2023, driven by a stronger momentum in services, net exports, and domestic consumption on the back of real wage growth and higher investment. The unemployment rate remains around historic lows, at 6.4 percent in July (from 6.6% in July 2023), mainly due to significant improvements in Greece and Spain. The annual inflation rate was 2.6 percent in July (lower than the 5.3% recorded in July 2023), as energy and food prices fell substantially from their 2023 peak. After raising the policy rates by 25 basis points (bps) in September 2023,⁴ the European Central Bank lowered its three key policy rates (by 25 bps) in June 2024 to boost activity. The main refinancing operations rate was lowered to 4.25 percent.⁵

In Japan, growth is projected to slow from an estimated 1.9 percent in 2023 to 0.7 percent in 2024, with the downward adjustment largely reflecting temporary supply disruptions and weak private investment and manufacturing. The annual inflation rate fell to 2.8 percent in July (from 3.3% recorded in July 2023), owing to an annual decline in education costs and slower price growths for food, housing and transport. The labour market remains tight with the unemployment rate at 2.5 percent in June (2.7% in July last year). In a bid to normalise monetary policy, the Bank of Japan (BoJ) raised its key interest rate to 0.25 percent in July 2024 from the previous range of 0-0.1 percent. In March 2024, the BoJ raised policy rates for the first time since 2007, to bolster the

depreciating yen, ending its era of negative interest rates.

Growth in the Australian economy is estimated to slow to 1.4 percent in 2024 from 2.0 percent in 2023, driven by significant falls in dwelling investment and government-fixed capital investments. The softening economic demand translated into weaker labour market conditions, with the latest data in July showing an increase in the unemployment rate to 4.2 percent (3.7% in July last year). Annual inflation fell to 3.8 percent in the June quarter of 2024 (from 6.1% recorded in the June quarter of 2023), driven by a moderation in food prices. The Reserve Bank of Australia kept its cash rate unchanged at 4.35 percent for a fifth straight meeting in July (last increased in November 2023) as inflationary pressures remained sticky.

The New Zealand (NZ) economy is projected to grow by a slow 1.0 percent in 2024 given the continued impact of monetary policy tightening on domestic demand (2023: 0.6%).⁶ Nonetheless, the improvement in the global economy via tradable goods exports and higher tourists should help narrow the trade deficit. Lower domestic demand has cooled inflationary pressures with the annual inflation rate easing to 3.3 percent in the June quarter of 2024 (from 6.0% in the same period last year), mainly driven by a sharp decrease in food prices. The Reserve Bank of NZ maintained its official cash rate at 5.5 percent during its July 2024 meeting, extending its rate pause from the last increase in May 2023, to keep financial conditions at a restrictive level to ensure inflation returns to the

target range of 1-3 percent within a reasonable time frame.

Economic Developments in Fiji

The Fijian economy is projected to expand by 2.8⁷ percent in 2024, following a growth of 7.5⁸ percent in 2023 (Figure 2). The finance, agriculture, transportation, accommodation, wholesale & retail sales, manufacturing, information & communication, electricity, construction, mining and administration sectors are expected to contribute to economic growth in 2024.

Going forward, the domestic economy is expected to improve slightly and hover around the pre-pandemic growth trend of 3.0 percent in 2025 and 2026.

Sectoral performances varied in the 2023-24 FY. The tourism sector outperformed expectations with 963,892 visitor arrivals in the 2023-24 FY compared to 863,480 in the previous FY. The 11.6 percent increase in visitors was largely driven by higher arrivals from NZ (9.5%, 2.3pp), Australia (4.3%, 2.1pp), China (95.7%, 1.8pp), the US (15.8%, 1.7pp), Pacific Islands (22.5%, 1.2pp), Continental Europe (29.9%, 0.7pp), Japan (153%, 0.7pp), and the Rest of Asia (18.7%, 0.3pp).

The data from the 2023-24 FY shows that electricity generation grew by 7.4 percent to 1,116,869 Mwh, following a 9.4 percent gain in the previous FY. Renewable energy sources contributed 58.8 percent of the total electricity generated in the 2023-24 FY, compared to a 53.6 percent in

⁴ Main refinancing rate stood at 4.5 percent, marginal lending facility raise to 4.5 percent and deposit facility rate set at 4.0 percent.

⁵ The deposit facility rate to 3.75 percent, and the marginal lending rate to 4.50 percent.

⁶ Growth projections from IMF April WEO.

⁷ 2024 growth projection was revised downward in June from 3.4 percent forecast earlier in November 2023.

⁸ The provisional growth rate for 2023 (7.5%) was released in August by FBOS, slightly lower than the June MC estimate of 8.0 percent.

the previous FY. In tandem, electricity consumption rose by 6.0 percent (to 1,071,116 Mwh), boosted by increased demand from domestic (2.3pp), commercial (2.0pp) and industrial (1.7pp) consumers.

Conversely, the timber industry's performance in the review period remained subdued. Compared to the 2022-23 FY, wood supply (-16.3% to 242,381 tonnes), woodchip (-0.01% to 237,242 tonnes) and sawn timber production fell (-9.0% to 26,243m³). The weak outturn was driven by a reduced supply of logs due to unfavourable weather conditions combined with supply sustainability issues of logs from Vanua Levu and Viti Levu. Mahogany production, on the other hand, improved by 5.1 percent (to 32,609m³), attributed to increased export demand.

Over the 2023-24 FY, gold production saw a significant boost, increasing by 22.1 percent (to 27,431 ounces) mainly due to the commencement⁹ of Lion One Metals mining operations in addition to that of Vatukoula Gold Mines Limited. Consequently, gold exports also rose by 15.1 percent (to \$100.3m) in the same FY.

In the sugar industry, the 2023 crushing season yielded 1,565,564 tonnes of cane and 139,628 tonnes of sugar. Cane and sugar production decreased by 4.5 percent and 10.4 percent, respectively, partly due to poor cane quality and milling issues. However, the 2024 season¹⁰ started strongly, with cane harvesting increasing by 7.4 percent to 429,063 tonnes and sugar production rising by 15.5 percent to 36,322 tonnes, mainly attributed to favourable weather conditions.

Fiji's labour market was affected by

multiple factors during the 2023-24 FY due to continued emigration of skilled workers, slightly causing tight conditions in the labour market. Accordingly, the number of jobs advertised¹¹ in the 2023-24 FY increased by a mere 0.3 percent (to 15,409 vacancies), supported by improved hiring intentions in the community, social & personal services; transport, storage & communication; and electricity & water sectors, which more-than-offset the lower advertisements in the finance, insurance, real estates & business services; and wholesale & retail trade & restaurants & hotels sectors. In retrospect, the mere increase in job advertisements also implies that businesses seem to have adapted to the challenging labour market conditions (of the ongoing loss of workers due to migration) by adjusting hiring strategies and providing retention incentives, leading to improved disposable incomes as reflected by higher Pay As You Earn tax collections (23.2% from the previous FY's growth of 21.7%).

Consumption spending although noting a slower growth than a year ago,¹² was positive in the review period, supported by a strong tourism activity, personal remittances and improved incomes. Net Value Added Tax (VAT)¹³ collections grew (35.8% to \$1,369.4m), underpinned by higher customs import (49.8%) and domestic VAT (33.3%), which more-than-offset the increase in refunds (64.7%). Moreover, commercial banks' new lending for consumption purposes (excluding refinancing)¹⁴ rose in the FY by 27.0 percent (to \$1,630.9m), supported by higher lending to households (includes personal transport and unsecured loans) and wholesale, retail, and hotels & restaurants

categories. Similarly, the inflow of remittances rose (10.5%), signifying a steady complement to the incomes of domestic beneficiaries for consumption purposes. Likewise, vehicle registrations rose by 14.8 percent (to 11,402 vehicles) during the review period, primarily due to a substantial rise in new and second-hand vehicle registrations, particularly private vehicle registrations, mirroring the overall positive consumption.

Investment activity gradually improved, albeit at a slow pace during the FY. New loans for investment (excluding refinancing) purposes rose by 31.4 percent (to \$865.4m) in the 2023-24 FY following the 26.0 percent expansion noted in the previous FY. This was underpinned by higher lending mostly to the building & construction (56.3%) sector. Additionally, new loans to households for purchasing a second home (as investment properties) expanded by 32.4 percent (to \$100.7m) in the review period. However, domestic cement sales, a partial indicator of construction activity, weakened in the 2023-24 FY by 1.3 percent (to 121,611 tonnes), partly due to waning market demand. Furthermore, the estimated value of work put-in-place, a measure of construction activity, declined (by -16.9% to \$122.0m) on an annual basis in March 2024 due to lower uptake of private (-22.5%) and public (-9.0%) construction works. Building material prices¹⁵ although lower on average cumulative to June 2024 (-0.8%), was mostly elevated throughout the FY period, reflecting the high cost of building which has partly hindered investment activity.

In the eleven months of the FY2023-24 (August-June),¹⁶ fiscal deficit stood at 2.1 percent of GDP (or -\$278.6m),

⁹ Lion One Metals' Tuvatu Gold Mine project began gold extraction in December 2023.

¹⁰ From 17 June to 29 July 2024.

¹¹ According to the RBF's Job Advertisements Survey.

¹² Domestic VAT collections were around 59.0 percent in the 2022-23 FY.

¹³ The VAT rate on non-essential items increased from 9.0 percent to 15.0 percent since 1 August 2023.

¹⁴ The exclusion of refinanced loans is a way of gauging the appetite for purely new loans. However, by doing so, some portion of pure loans (such as loan top-up) that are believed to have a minimal value, are excluded.

¹⁵ Calculated on the new 2019 BMI base.

¹⁶ Revenue and expenditure data reported is excluding Seg 13 (Government VAT).

from the 6.5 percent (or -\$775.6m) net deficit noted in the same period in the last FY. This improvement in the fiscal balance is due to a lower-than-budgeted spending relative to the boost noted in revenue collections, year to date.

Based on Government's revised estimates, the fiscal deficit is expected to narrow to \$528.6 million in the 2023-24 FY, equivalent to 4.0 percent¹⁷ of GDP, compared to \$839.4 million or 7.1 percent¹⁸ of GDP noted in the previous FY. Fast-paced growth in revenue relative to expenditure is expected to be lower than the fiscal deficit. For the 2024-25 FY, the net deficit is estimated to total \$635.6 million or 4.5 percent¹⁹ of GDP, with both government revenue and expenditure forecast to expand (Figure 3).

Additionally, Government debt stood at \$10,309.2 million or 78.3 percent²⁰ of GDP at the end of the 2023-24 FY, slightly lower than the 82.1 percent of GDP noted at the end of the previous FY, with domestic debt accounting for 50.0 percent of the total Government

debt portfolio.

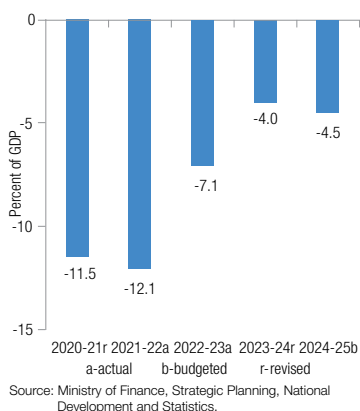
Inflationary pressures in the economy heightened and annual headline inflation averaged 4.8 percent in the 2023-24 FY compared to 2.7 percent recorded in the previous FY. This was largely due to elevated prices of food & non-alcohol, alcoholic beverages, narcotics & tobacco, housing, restaurant & hotels, and the miscellaneous categories, partly driven by the VAT increase and a natural disaster²¹ earlier in the year.

Financial conditions continued to support economic activity during the review period. Broad money rose (8.1% to \$11,776.4m) in July 2024, slightly higher than a year ago (7.0%). The expansion was driven by growth in Net Domestic Assets (NDA) (11.4%), which more-than-offset the contraction in Net Foreign Assets (NFA), (-0.7% over the year to July). In particular, NDA grew due to a persistent expansion in private sector credit (PSC) (11.6%, \$1,017.3m), the highest since July 2017 (15.6%). However, the contraction in NFA reflects a pick-up

in foreign liabilities (\$159.4m), which more-than-offset the increase in other foreign assets (\$108.4m) and gross reserves (\$28.1m) in the same period. Furthermore, new lending excluding refinancing by commercial banks rose by 18.5 percent (\$363.0m) cumulative to July, totalling \$2,320.7 million, mainly owing to increased credit to the wholesale, retail, hotels & restaurants (\$175.5m), households (\$118.1m), building & construction (\$76.3m) and professional & business services (\$39.0m) sectors, which offset the decline in lending to the public enterprise (-\$43.6m) and transport & storage (-\$18.9m) sectors.

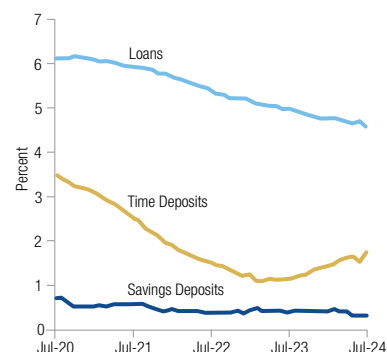
Liquidity in the financial system was sufficient at \$2,128.6 million at the end of July 2024 although declining by 15.2 percent from a year ago. Consequently, commercial banks' weighted average outstanding lending rate fell to a new historical low at 4.60 percent in July 2024 compared to 4.96 percent in the same period last year. Similarly, the new lending rate fell to 4.56 percent from 5.10 percent in the comparable 2023

Figure 3: Government Balance (Net Deficit)



963,892
Visitors in the 2023-24 FY

Figure 4: Commercial Banks' Outstanding Lending and Deposit Rates



Source: Reserve Bank of Fiji

¹⁷ Based on the revised 2023-24 FY Nominal GDP.

¹⁸ Based on the 2022-23 FY Nominal GDP.

¹⁹ Based on the 2024-25 FY Nominal GDP.

²⁰ Based on the revised 2023-24 FY Nominal GDP.

²¹ Tropical depression had caused heavy rainfall, resulting in flash-flooding which had affected local market items.

period. Commercial banks' existing time deposit rates rose annually to 1.75 percent (from 1.17%), while the new time deposit increased to 2.05 percent (from 1.40%) in July. Additionally, the savings deposit rates declined to 0.30 percent from 0.38 percent last year (Figure 4).

External Sector Developments

For the external sector,²² the merchandise trade deficit²³ widened by 0.3 percent to \$4,480.3 million (34.0% of GDP) in the 2023-24 FY,²⁴ higher than the \$4,467.3 million (37.6% of GDP) noted over the same period in the previous FY, driven by the higher growth in imports than in exports (Figure 5). Imports growth in the review period (0.2% to

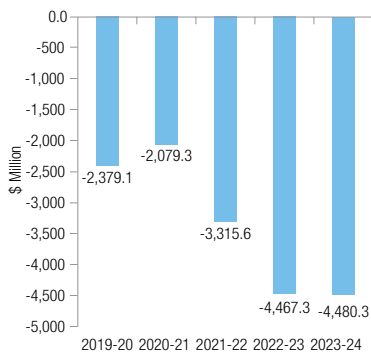
\$6,980.4m; 53.0% of GDP) was led by increased payments for machinery & transport equipment, beverages & tobacco, miscellaneous manufactured goods and food & live animals. Meanwhile, total exports fell in the same period (-0.1% to \$2,500.1m; 19.0% of GDP), owing to a contraction in mineral fuel re-exports and domestic exports of beverages & tobacco and food & live animals.

In terms of services trade, tourism earnings from August 2023 to June 2024²⁵ amounted to \$2,254.4 million, denoting an annual increase of 6.8 percent against the comparable period in the previous FY (Figure 6). Earnings from tourism were received

mainly from major source countries, Australia and NZ, as well as the US, Pacific Island Countries, China and Europe.

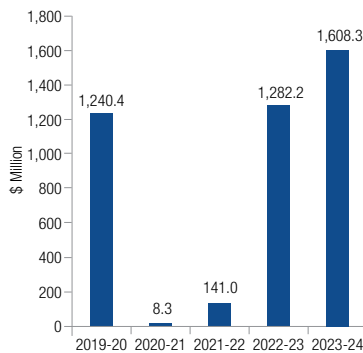
Inward personal remittances increased by 8.8 percent to \$1,275.3 million in the 2023-24 FY, following a 23.2 percent increase in the previous FY (Figure 7). By remittance components, personal transfers²⁸ rose while employee compensation fell. In terms of transfer channels, inflows via mobile money operators increased (36.4%), whereas other channels noted declines, supporting mobile money as the dominant mode of receiving remittance funds with a share of 43.6 percent.

Figure 5: Trade Deficit



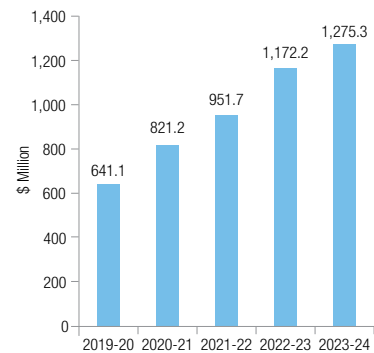
Source: Fiji Bureau of Statistics

Figure 6: Tourism Earnings²⁶



Sources: Fiji Bureau of Statistics and Reserve Bank of Fiji²⁷

Figure 7: Inward Personal Remittances



Source: Reserve Bank of Fiji

²² Excluding aircraft.

²³ Cumulative Aug-23 to Jun-24 data.

²⁴ Trade data is from Aug-23 to Jun-24.

²⁵ The latest available data at the time of publication is Quarter 2 2024 data.

²⁶ Published on a quarterly basis.

²⁷ Using interpolation, quarterly data from FBOS was converted into monthly data.

²⁸ International mobile money receipts are recorded under the 'personal transfers' category.

MISSION
CONDUCT MONETARY POLICY
TO FOSTER SUSTAINABLE
AND INCLUSIVE ECONOMIC
GROWTH

The Reserve Bank of Fiji under the RBF Act (1983) is entrusted with the conduct of monetary policy in Fiji aimed at maintaining price stability and adequate levels of foreign reserves.

Monetary Policy Formulation

Chronology of Monetary Policy Actions

Throughout the 2023-24 FY, the RBF maintained its Overnight Policy Rate (OPR) at 0.25 percent to support the Fijian economy's recovery efforts. As the economy gradually recovered from the impacts of the COVID-19 pandemic, the Bank suspended the ISEFF and ceased lending under the Disaster Rehabilitation and Containment Facility (DRCF) effective from 01 August 2023, reversing the support measures that were initially implemented. As a result, only five loans totalling \$15.6 million that were approved before the suspension of ISEFF were disbursed in the 2023-2024 FY, and \$1.3 million disbursed for Micro, Small and Medium-sized Enterprise (MSME) loans approved before the closure of the DRCF Government Guarantee.

The RBF released its 'Financial Stability Review for 2023' report in November 2023. This report provided an assessment of how developments in global and domestic markets affect the financial well-being

of Fiji's households and businesses, including the financial performance and stability of local financial institutions. The progress on the NPS continued, with the RBF launching the 'go live' of the second phase of the NPS's Automated Clearing House (ACH) component in November 2023. This advancement will enable instant interbank transactions of a specified limit between commercial banks, aimed at enhancing efficiency across the financial and real sectors and thereby supporting economic activity.

Additionally, in June, the RBF announced its intention to relax Fiji's exchange control further effective 01 August 2024, to facilitate convenient foreign exchange payments and support economic activity and operational efficiency.

Monetary Policy Outcomes

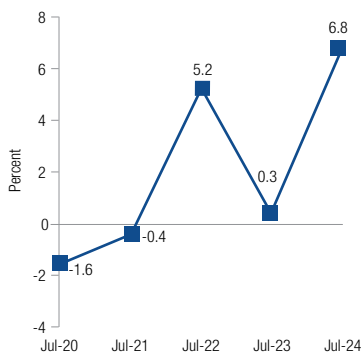
Annual headline inflation stood at 6.8 percent in July 2024, considerably higher than the 0.3 percent noted in July 2023 (Figure 8). Higher prices, mainly in food and non-alcoholic beverages, alcoholic beverages, tobacco & narcotics, transport, housing utilities, restaurants & hotels and health categories drove the

outcome. The tax hikes introduced in the 2023-2024 national budget also contributed to the inflationary pressure. The most considerable price increases were seen in the food & non-alcoholic beverages category, which were further impacted by domestic factors such as flooding in late March affecting prices of market items, El-Nino phenomenon influencing imported foods, and ongoing geopolitical tensions disrupting supply chains.

While the effects of VAT and tax hikes are anticipated to subside later in 2024, prices may gradually decline due to price stickiness and the 2024-25 FY National Budget policies such as the increase in minimum wage and excise duties, leading to a forecast year-end inflation rate of around 4-5 percent.

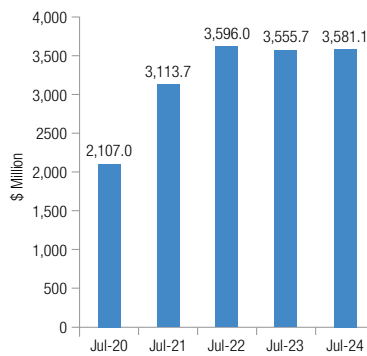
Foreign reserves (RBF holdings) stood at \$3,581.1 million at the end of July 2024, sufficient to cover 5.8 months of retained imports (Figure 9). The increase in reserves of \$25.4 million from July-end 2023 was driven by robust tourism and remittance inflows, along with Government loans and grants, which more than

Figure 8: Inflation



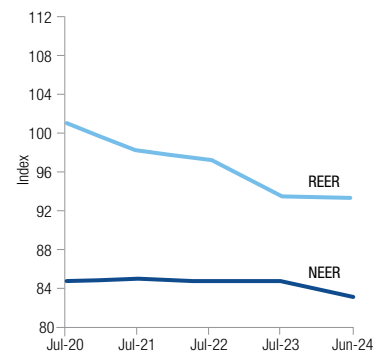
Source: Fiji Bureau of Statistics

Figure 9: Foreign Reserves (RBF Holdings)



Source: Reserve Bank of Fiji

Figure 10: REER/NEER (Monthly Average)



Source: Reserve Bank of Fiji

compensated for the outflows related to imports, profit and dividend repatriation, and Government external debt repayments.

Exchange Rates

In July 2024, the Fijian dollar (FJD) appreciated annually against the Japanese Yen (JPY) (6.28%) and New Zealand dollar (NZD) (2.4%) but depreciated against the United States Dollar (USD) (-1.9%). The FJD remained broadly unchanged against the Australian dollar (AUD) (0.1%) and the euro (EUR) (0.0%). On a monthly basis, the FJD strengthened against the NZD (2.2%) and AUD (0.8%) but weakened against the JPY (-5.8%), EUR (-1.9%) and the USD (-0.9%).

The nominal effective exchange rate (NEER) weakened both over the year (-2.3%) and month (-0.3%) in July 2024 to 82.85. The real effective exchange rate (REER) noted a marginal depreciation on an annual basis (-0.1%) while remaining relatively unchanged over the month at 93.49 (Figure 10).

Monetary Policy Implementation

Management of Foreign Reserves

The Reserve Bank of Fiji holds and manages the country's foreign reserves as delegated under the RBF Act (1983). Foreign reserves are held to meet the country's balance of payments financing requirements and to provide a cushion against external vulnerability. The objectives of preserving capital, ensuring adequate liquidity and optimising returns are continually adhered to while carrying out this important responsibility.

During the FY, the global economy performed relatively well but showed signs that the high level of restrictive policy rates by central banks is slowing growth and inflation. With major central banks starting to pivot towards easing monetary policy, there was a noticeable downtrend in yield movements over the period.

The overall duration of the Bank's investment portfolios was largely increased during the FY in anticipation of the fall in interest rates. The Bank also continued to increase holdings of ESG bonds in line with broader strategic endeavours. At the end of

the FY, ESG bond holdings, namely green, social and sustainability bonds, comprised of 17.6 percent of the investible reserves (Figure 11).

Gross foreign reserves (RBF holdings) averaged around F\$3,367.7 million during the 2023-24 FY, lower than the F\$3,437.7 million average of the previous financial year. The foreign reserves level reached a historical high during the year, peaking in September 2023 at F\$3,662.84 million but trended lower to F\$3,596.7 million by the end of the FY.

Investible reserves, which accounted for 85.6 percent of gross foreign reserves, also averaged lower at F\$2,882.1 million compared to F\$2,950.2 million in the previous year.

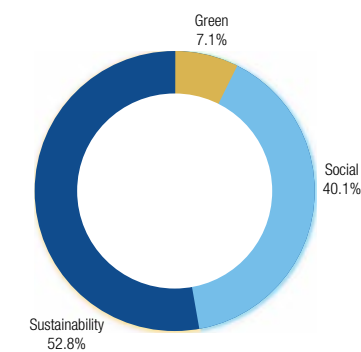
The three largest portfolios of investible reserves are held in USD, AUD and NZD currencies, respectively. The size of these portfolios correlates highly to the weights of the currencies in the FJD basket. A material portion of the USD portfolio is kept in short-term, liquid assets to assist with foreign reserve flows (Table 4).

Table 4: Composition of Investible Reserves as at 31-Jul-2024

Portfolio	Cash and Deposits (%)	Other Fixed Income Securities (%)	Total (%)
USD	23.7	19.8	43.5
EUR	0.6	2.2	2.8
JPY	2.4	0.0	2.4
AUD	0.6	28.8	29.4
NZD	1.5	20.4	21.9
Total (%)	28.8	71.2	100.0

Source: Reserve Bank of Fiji

Figure 11: Distribution of ESG Holdings as at 31-Jul-2024



Source: Reserve Bank of Fiji

Net foreign exchange income for the 2023-24 FY rose to an all-time high of F\$124.7 million from F\$86.1 million in the previous year. The significant increase in income is the flow-on effect of investments executed at high yields during the period of central bank monetary policy tightening in the previous FY as well as earlier parts of the current FY.

The performance of the Bank's foreign investment portfolio is monitored and measured against the approved benchmark. The RBF foreign reserves portfolio earned a higher return of 5.46 percent compared to the benchmark portfolio return of 4.82 percent (Figure 12). The active performance was primarily attributed to the RBF portfolio's longer duration compared to the benchmark when investment yields trended lower.

The impact of exchange rate movements on the value of foreign reserves is captured in the Revaluation Reserve Account (RRA) and reflected in the balance sheet. To attain a natural hedge against exchange rate volatility, holdings of foreign reserves are generally aligned with currency weights in the FJD basket. The RRA also reflects the exchange rate impact on the Bank's

holding of IMF Special Drawing Rights and smaller amounts of gold and British pound sterling.

In line with the RBF Act, one-fifth of the FY end RRA balance is transferred to the Government each year. At the end of 2023-24 FY, the RRA stood at F\$8.4 million, of which F\$1.7 million was transferred to the Government. This compares to F\$2.1 million transferred for the 2022-23 FY.

Exchange Rates Setting

The Fiji dollar is fixed to a basket of currencies comprising Fiji's five major trading partners (USD, AUD, NZD, JPY and EUR) and setting the exchange rate is a daily responsibility of the Bank. The daily official exchange rates are made available on the RBF website, Refinitiv and Bloomberg platforms. The official exchange rates are used by local commercial banks to establish rates for their daily foreign exchange operations within permissible spread limits.

The weight of each currency in the basket is reviewed annually and is based on the value of Fiji's merchandise trade, services, and debt servicing transactions. Figure 13 shows the exchange rate weights as

per the most recent review.

Foreign Exchange Derivative Markets

Commercial banks are permitted to offer forward exchange and swap contracts to customers, while options contracts may be offered upon application to the Reserve Bank. The Bank continued its monitoring of transactions in the derivatives market to ensure compliance with the Foreign Currency Derivatives guidelines. During the year, the Bank continued to review and implement changes to its FX Swap facility to facilitate the needs of the market and improve operational efficiency. For instance, in April, the FX Swap limit for commercial banks was increased to 25.0 percent from 12.5 percent of a commercial bank's total capital. On the other hand, the Bank maintained its Net derivative sale limit at \$50.0 million for the forward facility but provided some temporary allowances on a case-by-case basis.

Foreign Currency Receipts and Payments

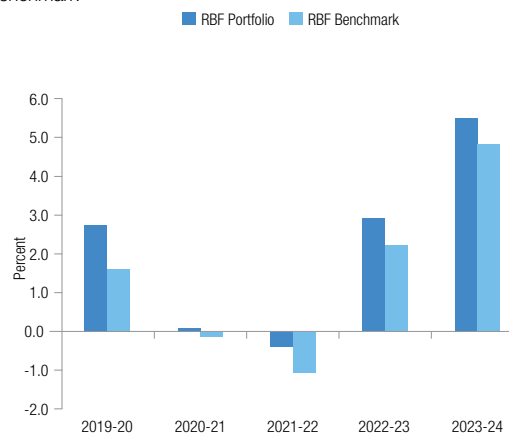
During the year, the Bank continued to extend foreign currency banking services to the Government, statutory bodies, supranational organisations, and other central banks.

Table 5: Return on External Reserves

	Aug 2021 - Jul 2022	Aug 2022 - Jul 2023	Aug 2023 - Jul 2024
Net Foreign Exchange Income (\$M)	23.7	86.1	124.7
Average Month-End Level of Investible Reserves (\$M)	2,700.5	2,950.2	2,882.1
Return on Investible Reserves (%)	0.88	2.92	4.33

Source: Reserve Bank of Fiji

Figure 12: Performance of RBF Portfolio against Benchmark



Source: Reserve Bank of Fiji

Exchange Control

Exchange control is administered under the Exchange Control Act and aims to safeguard one of the Bank’s core objectives of maintaining adequate foreign reserves. During the year, a comprehensive review of exchange controls was undertaken in view of the comfortable levels of foreign reserves. The changes were intended to support economic activity and promote operational efficiency by making foreign exchange payments more convenient for businesses.

In June 2024, the Bank increased the delegations to Authorised Dealers by raising the limits on capital transactions and certain current payments. In support of exporters and foreign income earners, the delegated limit for the opening of foreign currency accounts was increased to \$250,000 per annum. The changes came into effect from 1 August 2024.

Additionally, the threshold for tax clearance requirements was increased from \$10,000 to \$20,000 and selected payments were exempt from the required tax clearance certification.

During the year, the Exchange

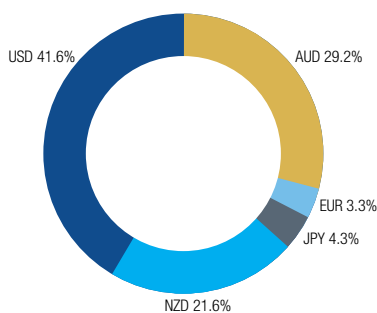
Control Unit, in collaboration with the Fiji Bureau of Statistics and the Economics Group participated in the review of the Overseas Exchange Transactions (OET) codes, which resulted in the synchronising of codes to a single code for Receipts and Payments. The imminent change in the OET codes arose from the need to align with the sixth edition of the Balance of Payment & International Investment Position Manual provided by the IMF. The new codes are more reflective of the diverse foreign exchange transactions that are affected daily and impact our forecasting processes in the Bank. The Unit has commenced training of Authorised Dealers and plans to carry out further training until the use of the new codes are implemented.

Meetings with other government agencies continued with the aim of improving foreign investment facilitation and ease of doing business. The Exchange Control Unit was actively involved with other government agencies in the business Now Fiji project for the “Starting A Business System” in relation to the lodgment of applications online for the Issue of securities by non-resident investors. Once the system is launched, it is expected

to streamline the documentation the investor provides to each approving agency and increase the efficiency in processing applications.

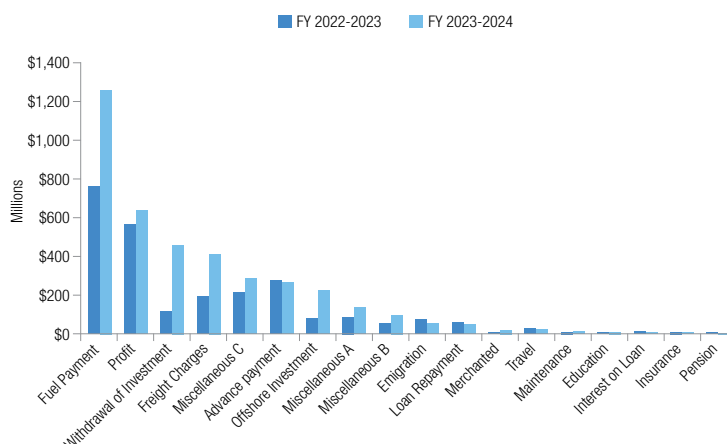
The eService platform facilitated public access to Form B applications online. During this period, 12,082 applications were lodged on the eService platform. Applications requiring exchange control approvals were processed within the set timelines of 3 to 5 working days. The volume of applications approved this year was generally higher than the previous year (Figure 14).

Figure 13: Fiji’s Exchange Rate Basket Weights



Source: Reserve Bank of Fiji

Figure 14: Exchange Control Approvals (\$m)²⁹



Source: Reserve Bank of Fiji

²⁹ **Miscellaneous A:** Includes OET Payment codes:25[Advertising],29[Expenses of Office],30[Expenses of Embassies],31 [Fees], 36 [Movie/Cinemas/Films Video Tapes],37 [News Charges], 43 [Refunds]&44 [Subscription]
Miscellaneous B: Includes OET Payment codes: 26[Commission/Royalties] 41[Professional service charges] and 42[Professional Fees]
Miscellaneous C: Includes OET Payment code 32[Gift/Donation], 35[Medical], 38 & 39[Non-resident transfers] and 50 [Others]



MISSION

PROMOTE AN INTERNATIONALLY REPUTABLE FINANCIAL SYSTEM

Financial stability paves the way for economic growth as most transactions in the real economy are settled through the financial system. The Reserve Bank, in carrying out one of its traditional functions of promoting financial stability, undertakes the regulation and supervision of financial institutions. Given the changing landscape of the financial system, the Reserve Bank continuously strives to accommodate innovation while protecting the interests of the public and promoting the overall safety and soundness of the Fijian financial system.

Financial System Regulation and Supervision

The Reserve Bank of Fiji was established through the RBF Act 1983 and one of its principal purposes was to promote the safety, soundness and stability of the Fijian economy. In achieving this purpose, the Reserve Bank regulates and supervises the various financial institutions. The Reserve Bank undertakes this function through 'micro prudential' regulation and supervision of commercial banks, credit institutions, insurance companies and insurance intermediaries, the Fiji National Provident Fund (FNPF), the Fiji Development Bank (FDB), restricted foreign exchange dealers and money changers, credit reporting participants, payment service providers, payment system operators and initiators, the South Pacific Stock Exchange (SPX), unit trusts, stock brokers, and capital markets intermediaries.

Additionally, the Reserve Bank engages in 'macroprudential' supervision and regulation which stretches beyond the safety and soundness of individual entities to promote the stability of the overall Fijian financial system. A sound and stable financial system allows the Reserve Bank to achieve its other mandates.

Prudential Regulation

It is essential that the regulatory environment is conducive to the development of the financial system while providing an adequate level of protection to the various stakeholders. As such, the Reserve Bank continued with the development and review of relevant laws, regulations and supervision policy

statements during the year.

Prudential Supervision Policy Development and Review

The Reserve Bank issues supervision policy statements that seeks to provide guidance on specific requirements of the laws and legislations applicable to the financial sector, and prescribe standards that govern the conduct of the supervised entities.

Prudential Supervision Policy Statement (PSPS) No.3 on Minimum Requirements for the Management of Culture and Conduct Risk for Supervised Entities, which promotes a sound risk culture and effective mitigation of conduct risk, was issued for implementation on 01 April 2024, following industry consultations in 2023. PSPS No.2 on Minimum Requirements for Cybersecurity Risk of Supervised Entities became effective in March 2023 and entities are expected to fully comply by 30 September 2024.

Furthermore, Banking Supervision Policy Statements (BSPS) No.9A for commercial banks and No.9B for licensed credit institutions on Liquidity Risk Management Requirements, have been effective since 01 October 2023. Full compliance with the policies is required by 01 October 2024, however a transitional arrangement is in place for the commercial banks' compliance with the minimum liquidity coverage ratio. The revised policies aim to enhance the liquidity risk management framework of banks and credit institutions so that they are able to meet cash flow obligations and withstand liquidity shocks.

The first draft of the revised BSPS No.3 on Guidelines for Loans Classification and Provisioning for

Impaired Assets was expected to be circulated for industry comments in the current financial year however, this was deferred to allow the banking industry to implement BSPS Nos. 9A and 9B. The objective of the revised policy is to ensure that licensed financial institutions better manage credit risk by introducing and enhancing requirements for the management of credit risk for the full credit life cycle.

In December 2023, the Reserve Bank released the Capital Markets Supervision Policy Statement (CMSPS) No.4 on Minimum Requirements for Capital Raising through the Offer of Debentures for industry consultation. Similarly, CMSPS No.5 on Minimum Requirements for Capital Raising through the Issue of Debt Securities is expected to be finalised in the next financial year. These policies aim to modernise the capital raising regime in Fiji, in line with legislative and global developments.

As a first for the industry, Payment Service Provider Policy Statement (PSPPS) No.1 on Minimum Requirements for Risk Management Frameworks of Licensed Payment Service Providers (PSP) in Fiji was issued for consultation on 05 June 2024. The policy is designed to ensure that PSPs have in place a robust risk management framework that can assist in the management of risks inherent in its operations.

As an initiative to assess the current state of ESG practices within the financial sector and understand the capacity of Fijian financial institutions in identifying and managing ESG risks, the Reserve Bank facilitated the IFC's online survey³⁰ on capacity assessment in February 2024 with commercial banks, credit institutions,

³⁰ Fiji Financial Institution ESRM (Environmental and Social Risk Management) Capacity Assessment Survey.

the FNPF and the FDB. The survey is an important step in developing relevant guidance and toolkits to support Fiji's financial sector's transition towards ESG integration.

In terms of the implementation of the International Financial Reporting Standard (IFRS) 17 on insurance contracts, the Reserve Bank expects to make the necessary changes to its prudential reporting requirements, conduct industry consultation on the same and allow for a transitional period before 01 January 2026. IFRS 17 aims to enhance the usefulness, transparency and cross-jurisdictional comparability of insurers' financial reports.

Legislation Review and Developments

In terms of the work on reviewing the Insurance Act 1998, this continued during the year. The review is being undertaken to strengthen the insurance regulatory framework by enabling innovative developments, as well as changes in requirements of international standard setters, whilst protecting policyholders.

Similarly, the draft Credit Union Bill has been reviewed by the Solicitor General's Office and is awaiting parliamentary approval to be finalised as an Act. The Reserve Bank will subsequently engage in creating awareness on the proposed legislation amongst key stakeholders, prior to finalising a transition plan for its implementation.

The Reserve Bank has also initiated the review of the Banking Act 1995, whereby a desk review has been completed by the IMF through technical assistance provided by the Pacific Financial Technical Assistance Centre (PFTAC). The review aims to identify any gaps that may exist

in the current Banking Act, which may cause hindrance in enabling innovative banking business models that add dynamism to the banking landscape.

Licensing

As a regulator, the Reserve Bank also undertakes the licensing and/or registration of institutions that pursue regulated activities. The annual licence assessments are based on the minimum requirements for new entrants, while licensed financial institutions are also subject to requirements varying in approaches depending on the nature of business.

During the year, the Reserve Bank collected annual licence fees of commercial banks, credit institutions and insurance companies. The licences of existing insurance brokers and agents; payment service providers, securities exchange, managed investment schemes, stockbrokers, investment advisers, foreign exchange dealers, credit information providers, and credit report recipients were also renewed.

Additionally, the Reserve Bank registered the capital raising prospectus of \$7.0 million for Sun Insurance Company Limited in June 2024.

Prudential Supervision

As part of the Reserve Bank's supervisory function, a total of 311 offsite examination reports were prepared, while an additional 373 supervisory assessments and 189 prudential consultation meetings were undertaken during the year.

Furthermore, a total of 12 onsite examinations were conducted for the supervised entities, whereby a report on the recommendations were provided to the respective

institutions. These entities will be providing periodic updates on the implementation of the recommendations to the Reserve Bank in the new financial year.

Macroprudential Surveillance

The Reserve Bank's 2023 Financial Stability Review (FSR) highlighted that the Fijian financial system had demonstrated resilience in the face of challenges affecting global financial stability, including the banking tension experienced in March 2023, a deceleration in global economic growth, and heightened geopolitical pressures.

In line with the Reserve Bank's accommodative monetary policy stance, the conditions within the Fijian financial sector continued to foster sustained recovery, evidenced by a decline in non-performing loans and an increase in private sector credit, attributed to an uptick in new lending activities by banks. The favourable outcome was supported by a low-interest rate environment, strong capital positions and adequate levels of liquidity in the banking system.

While positive economic sentiments had positively influenced financial system performance, downside risks remain. These risks include the potential impact of geopolitical tensions, climate change, the materialising of significant cybersecurity incidents, and maintained global counter-inflationary measures. Consequently, these factors may undermine confidence in the financial system and exacerbate traditional banking risks.

The Reserve Bank will continue to actively monitor these risks, to ensure its effects are managed to limit its impact on the financial system.

The Fijian Financial System

The number of players in the financial system remained relatively unchanged over the review year (Table 6).

Gross Assets of the Financial System

Financial system assets grew by 7.0 percent over the year to \$30.7 billion in June 2024, underpinned by the growth registered by commercial banks and the insurance industry. The composition of the financial system's gross asset continued to be dominated by the banking industry at 50.8 percent, followed by the FNPF at 35.1 percent, and the insurance industry at 9.2 percent (Table 7).

Key trends in the capital markets noted an increase for stock market capitalisation by 6.2 percent, coupled with the increase in MIS funds under management and outstanding bonds by 17.9 percent and 5.4 percent, respectively (Table 8).

The Commercial Banking Industry

Prudential assessment of the commercial banking industry's capital, earnings and liquidity positions were satisfactory, with asset quality indicators rated as marginal as at 30 June 2024. All commercial banks continued to be compliant with the minimum capital adequacy requirement of 12.0 percent, reporting a combined capital adequacy ratio of 17.5 percent as at 30 June 2024.

Total assets of the commercial banks grew over the year by 5.0 percent to \$14.8 billion as at 30 June 2024, underpinned by the increase in loans and advances by \$974.9 million, and balances due from banks by \$109.6 million (Figure 15).

Commercial banks' loans and advances continued with its growth momentum conducive to the Fijian economy's recovery, increasing

over 12 months by 11.8 percent to \$9.3 billion. Private sector business entities and private individuals' sectors largely contributed to the increase during the year.

The majority of the commercial banks' lending were to the private individuals' sector at 27.6 percent, followed by wholesale, retail, hotels and restaurants, and real estate sectors at 22.4 percent and 19.8 percent, respectively.

Total deposits of the commercial banks' rose by 7.4 percent to \$11.6 billion over the review period, attributed to demand and time deposits which grew by \$0.5 billion and \$0.3 billion, respectively. Savings deposits, on the other hand, declined by \$8.5 million over the year (Figure 16).

Classified exposures fell by 29.8 percent over the year to \$353.9

Table 6: Licensed Financial Entities including Branches/Agencies (Number)

	2021	2022	Jun 2023	2023	Jun 2024
Commercial Banks	6	6	6	6	6
- Branches	62	62	62	62	62
- Agencies and Agent Banking	126	126	123	123	124
- ATM	324	324	320	317	313
- EFTPOS	6,771	7,472	7,734	8,151	8,377
Credit Institutions	4	4	4	4	4
- Branches	19	19	20	20	21
- Agencies	0	0	0	0	0
Life Insurance Companies	2	2	2	2	2
General Insurance Companies	7	7	7	7	7
Insurance Brokers	5	5	5	5	5
Insurance Agents ¹	562	650	596	646	432
Foreign Exchange Dealers	10	9	9	9	8
Money Changers	0	0	0	0	0
Securities Exchange	1	1	1	1	1
Managed Investment Schemes (MIS)	2	2	2	2	2
Investment Advisers	10	10	10	10	10
Stock Brokers/Dealers	3	3	3	3	3
MIS Representatives	21	26	34	33	35
Stock Broker/Dealer Representatives	12	9	9	10	10
Investment Adviser Representatives	19	17	17	16	16
Credit Reporting Agency	1	1	1	1	1
Credit Information Provider and Credit Information Recipient	4	9	16	16	13
Payment Service Providers	0	2	5	5	5

¹ An agent may hold more than one licence to sell various classes of Insurance in a calendar year.

Source: Reserve Bank of Fiji

Table 7: Gross Assets of the Financial System (\$M)

	2021	2022	Jun 2023r	2023	Jun 2024p
Regulated Financial Entities					
Commercial Banks	12,228	13,482	14,117	14,379	14,822
Credit Institutions	760	717	745	766	778
Insurance Companies	2,280	2,471	2,576	2,667	2,746
FNPF	8,473	9,051	9,621	9,912	10,775
Insurance Brokers	64	70	70	70	70
Capital Markets ¹	424	546	568	610	642
NBFIs ²	808	749	751	697	648
Total	25,037	27,086	28,448	29,101	30,479
Non-Regulated Financial Entities					
NBFIs ³	214	211	228	200	202
Total	214	211	228	200	202
Total Financial System⁴	25,250	27,297	28,676	29,301	30,681

¹ Includes MIS, SPX and Stock Brokers.

² Includes Fiji Development Bank (FDB).

³ Includes FDB and Housing Authority of Fiji (HA) - 2020 onwards.

⁴ Excludes RBF.

r – revised

p – provisional

Source: Reserve Bank of Fiji

million as at 30 June 2024, resulting in an improvement in the classified exposures to gross loans ratio from 6.1 percent to 3.8 percent, amidst borrowers' continued ability to meet repayment obligations (Figure 17).

Similarly, specific provisions fell over the year by 31.3 percent to \$110.4 million as at 30 June 2024, reflective of the decline in classified exposures, and accounting for 31.2 percent of classified exposures (June 2023: 31.9%), while general reserves for credit losses represented 1.4 percent (June 2023: 1.3%) of net loans.

Problem loans of the commercial banks continued to be concentrated in private individuals (25.9%), real estate (22.4%), wholesale, retail, hotels and restaurants (15.3%), manufacturing (10.7%), transport and storage (10.5%), building and construction (5.5%), and professional and business services (5.2%) sectors.

Commercial banks' combined profit before tax for the first six months of 2024 increased to \$174.5 million when compared to \$169.5 million for the same period in 2023, attributed to the increase in net interest income

and non-interest income, as well as the improvement in bad debts and provisions (Table 9). The efficiency ratio rose to 48.5 percent, following a greater increase of 15.4 percent in operating expenses when compared to the growth of 5.7 percent in operating income, over the same period in 2023. Return on assets, on the other hand, stood at 2.5 percent (Table 10).

Interest rate spread for commercial banks declined marginally from 3.3 percent to 3.1 percent, resulting from a greater increase in the cost of funding liabilities while the yield on earning assets declined during the period (Figure 18).

Commercial banks' liquid assets decreased by 10.5 percent over the year, to \$3.7 billion as at 30 June 2024, and remained dominant in exchange settlement account balances (52.5%), followed by deposits with banks and at call (23.0%), investments (18.9%) and cash (5.6%).

Credit Institutions

Performance indicators of the credit institutions industry were satisfactory for capital, earnings and

liquidity positions, while asset quality was rated as poor. The combined capital adequacy ratio of the credit institutions industry stood at 25.7 percent as at 30 June 2024, above the minimum requirement of 15.0 percent.

Credit institutions industry's total assets grew annually by 4.3 percent to \$777.6 million as at June 2024, mainly attributed to the \$58.5 million increase in loans and advances, while decreases were noted in balance due from banks by \$35.5 million and fixed assets by \$10.7 million (Figure 19). The growth in loans and advances to \$561.9 million was largely driven by the private individuals, professional and business services, and wholesale, retail, hotels and restaurants sectors.

Credit institutions' balance due from banks, on the other hand, reported a reduction of 21.3 percent when compared to the same period in 2023, to \$130.8 million, and represented 16.8 percent of total assets.

Total deposits of the credit institutions increased by 7.1 percent over 12 months, to \$447.2 million, attributed mainly to private individuals, private

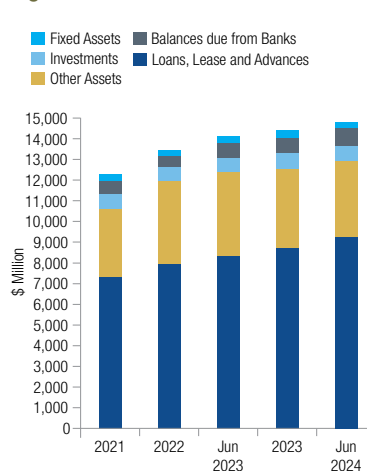
Table 8: Composition of the Capital Markets (\$M)

	2021	2022	Jun 2023	2023	Jun 2024 (p)
Equities Market ¹	3,144	3,135	3,255	3,338	3,458
Managed Investment Schemes ²	404	521	540	576	611
Bonds Market ³	5,540	5,817	6,017	6,187	6,275

¹ Based on the market capitalisation of the listed companies.
² Based on the funds under management.
³ Based on outstanding bonds.
p – provisional

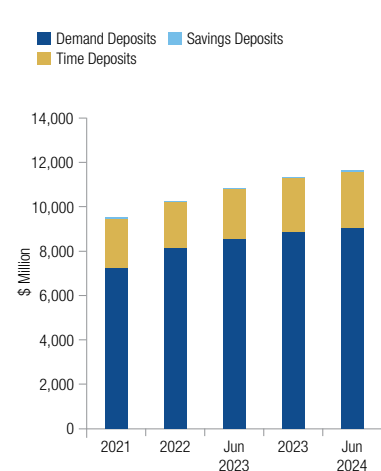
Source: Reserve Bank of Fiji

Figure 15: Commercial Banks' Assets



Source: Reserve Bank of Fiji

Figure 16: Commercial Banks' Deposits



Source: Reserve Bank of Fiji

sector business entities, non-bank financial institutions and public enterprise sectors. Deposits were held mainly for private individuals at 35.4 percent, followed by private sector business entities at 27.5 percent, and non-bank financial institutions at 18.1 percent.

Past due loans for the credit institutions industry reduced by 11.1 percent to \$87.7 million. Correspondingly, the classified exposures to gross loans ratio declined to 10.4 percent (December 2023: 12.8%), whereby the classified exposures stood at \$58.3 million, noting a reduction of 26.4 percent.

Credit institutions' specific provisions declined over the year by 31.7 percent, with individually and collectively assessed provisions aggregated to \$21.1 million as at 30

June 2024, and covered 36.2 percent (June 2023: 39.0%) of problem loans. General reserve for credit losses to net loans ratio was recorded at 2.4 percent of net loans.

Return on assets decreased from 6.7 percent to 4.6 percent, due mainly to the decline in net profit after tax of \$6.8 million over the year, coupled with an increase in average assets of \$46.1 million. The credit institutions' combined efficiency ratio stood at 46.2 percent.

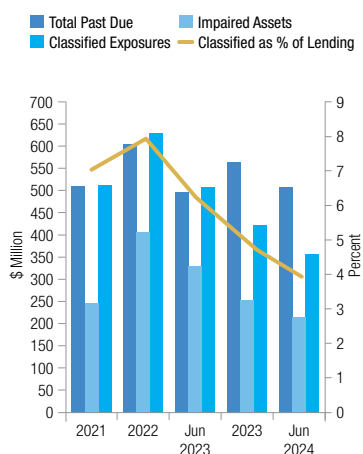
The credit institutions industry's liquid assets stood at \$144.9 million, down by 19.8 percent when compared to the last 12 months from \$180.7 million, following the decrease in balance due from banks. These represented 18.6 percent of total liabilities, compared to 24.2 percent as at 30 June 2023 (Table 11).

The Insurance Industry

The life and general insurance sectors continued to maintain aggregate solvency surpluses above the minimum required statutory levels, at \$505.7 million and \$177.8 million, respectively. Over the year, solvency surplus also increased for both sectors as they grew by 2.0 percent and 13.0 percent, respectively.

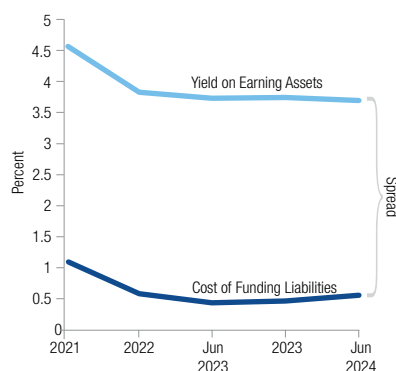
For the review year ending 30 June 2024, the insurance industry's combined total assets registered an annual growth of 6.6 percent to \$2.7 billion. Over the same period, the life insurers' assets grew by 6.9 percent to \$2.1 billion, largely underpinned by the increase in Government securities, bank deposits and cash on hand, while for general insurers, total assets also grew by 5.8 percent to \$621.8 million, owed to the growth in cash on hand, outstanding premiums and land

Figure 17: Commercial Banks' Asset Quality



Source: Reserve Bank of Fiji

Figure 18: Commercial Banks' Annual Spread



Source: Reserve Bank of Fiji

Table 9: Summary of Commercial Banks' Profitability (\$M)

	2021 ¹	2022 ¹	Jun 2023r ²	2023 ¹	Jun 2024p ²
Interest Income	440.4	415.5	218.2	441.9	229.1
Interest Expense	102.9	65.4	25.6	53.4	34.6
Net Interest Income	337.5	350.1	192.6	388.5	194.4
Add: Non Interest Income	161.2	208.5	117.3	257.3	133.1
Income from Overseas Exchange Transactions	54.3	80.2	49.5	108.6	58.0
Commission	14.4	13.2	9.6	15.9	7.0
Fee Charges	56.4	79.3	38.6	82.9	44.6
Other Income	36.1	35.8	19.7	49.8	23.5
Total Operating Income	498.8	558.6	310.0	645.8	327.5
Less: Operating Expenses	267.4	264.5	137.6	295.3	158.8
Less: Bad Debts and Provisions	54.9	-10.8	2.8	-19.6	-5.8
Profit Before-Tax and Extraordinary Items	176.5	304.9	169.5	370.1	174.5
Less: Tax	36.2	57.8	33.2	78.8	41.3
Net Profit After-Tax	140.3	247.1	136.4	291.2	133.2
Add/Less: Extraordinary Items	0	0	0	0	0
Net Profit After-Tax and Extraordinary items	140.3	247.1	136.4	291.2	133.2
Average Assets	10,824.7	12,368.7	13,213.6	13,453.8	14,047.3
After-Tax Return on Equity (%)	9.5	15.9	16.7	17.8	15.9
Efficiency (%)	53.6	47.4	44.4	45.7	48.5
Yield on Earning Assets (%)	4.6	3.8	1.9	3.7	1.8
Cost of Funding Liabilities (%)	1.1	0.6	0.2	0.5	0.3

¹ Calendar year profits for all commercial banks.

² 6 months of profits for all commercial banks.

r – revised

p – provisional

Source: Reserve Bank of Fiji

and buildings.

The combined net premium income of the insurance industry grew by 5.5 percent to \$404.2 million. Both the life and general insurance sectors recorded increases of 0.8 percent to \$200.0 million and 10.7 percent to \$204.2 million, respectively.

Total net policy payments and net claims paid for the insurance industry stood at \$244.8 million, increasing by 5.3 percent over the review period. The life insurers' net policy payments increased by 18.2 percent to \$140.7 million, whilst the net claims paid by general insurers decreased by 8.2 percent to \$104.1 million.

The insurance broking industry facilitated 1,255 offshore placements worth \$103.5 million in premiums,

in comparison to the previous year's 1,301 offshore placements worth \$79.1 million in premiums. These figures indicate a 3.5 percent reduction in the number of offshore placements and a \$24.4 million increase in premium values.

The Fiji National Provident Fund

The FNPF is considered the single largest financial institution, which represented about 34.8 percent of the Fiji's financial system and continued to be closely monitored, noting its systemic importance.

The Fund continued to meet the statutory solvency requirement of 110 percent, backed by the 125 percent risk-based capital coverage requirement under the FNPF Distribution Policy.

Total assets of the FNPF grew by 11.8 percent over the year to \$10.8 billion as at 30 June 2024, and was largely attributed to the increase in equity investments, Government securities, term deposits, investment properties and loans.

For the 2024 financial year, the Fund declared another record high crediting rate of 8.0 percent (2023: 7.0%), despite the prevailing economic environment and the limited local investment opportunities, crediting a total of \$561.5 million (2023: \$449.0m) to approximately 417,722 members (2023: 405,000 members).

The contribution rate for compulsory members increased further from 14.0 percent in January 2023 to 18.0 percent in January 2024, as the Government managed to gradually

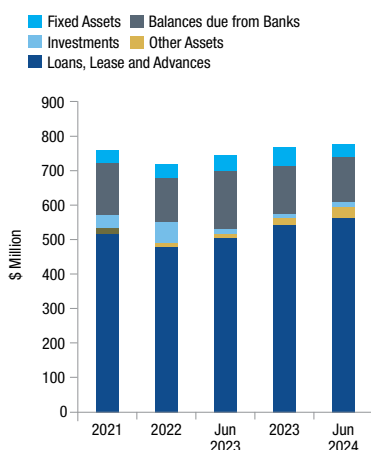
Table 10: Commercial Banks' Profitability (% of Average Assets)

	2021 ¹	2022 ¹	Jun 2023 ²	2023 ¹	Jun 2024 ²
Net Interest Income	3.1	2.8	2.9	2.9	2.8
Charges for Bad & Doubtful Debts	0.5	-0.1	0.0	-0.1	-0.1
Non-interest Income	1.5	1.7	1.8	1.9	1.9
Operating Expenses	2.5	2.1	2.1	2.2	2.2
Net Profit Before-Tax	1.6	2.5	2.6	2.8	2.5
Net Profit After-Tax	1.3	2.0	2.1	2.2	1.9

¹ Calendar year profits for all commercial banks.
² 6 months profits for all commercial banks.
 r – revised
 p – provisional

Source: Reserve Bank of Fiji

Figure 19: Credit Institutions' Assets



Source: Reserve Bank of Fiji

Table 11: Summary of Credit Institutions' Profitability (\$M)

	2021 ¹	2022 ¹	Jun 2023 ²	2023 ¹	Jun 2024 ²
Interest Income	87.2	81.4	39.3	82.1	45.1
Interest Expense	23.4	16.7	7.5	14.5	6.1
Net Interest Income	63.8	64.7	31.8	67.6	39.0
Add: Non Interest Income	4.8	5.5	8.5	12.9	3.6
Commission	0.2	0.3	0.3	0.5	0.2
Fee Charges	2.7	3.9	1.1	2.7	1.9
Other Income	1.8	1.4	7.1	9.6	1.5
Total Operating Income	68.6	70.2	40.3	80.5	42.6
Less: Operating Expenses	26.7	32.3	16.7	34.3	19.7
Less: Bad debts and Provisions	24.2	0.8	0.9	4.4	6.3
Profit Before-Tax	17.7	37.1	22.8	41.7	16.6
Less: Tax	3.4	7.2	3.1	6.3	3.7
Net Profit After-Tax	14.3	30.0	19.7	35.4	12.9
Earning Assets	642.4	616.1	639.7	655.2	686.1
Cost of Funds	487.7	456.8	471.4	486.8	522.2
Average Assets	734.0	673.7	678.7	692.8	724.8
After-Tax Return on Equity (%)	10.0	20.1	26.9	23.7	15.8
Before Tax Return on Assets (%)	2.4	5.5	6.7	6.0	4.6
Efficiency (%)	38.9	46.0	41.4	42.7	46.2
Yield on Earning Assets (%)	12.8	13.0	6.3	12.9	6.8
Cost of Funding Liabilities (%)	4.4	3.6	1.6	3.1	1.2

¹ Calendar year profits for all credit institutions.
² 6 months of profits for all credit institutions.
 r – revised
 p – provisional

Source: Reserve Bank of Fiji

restore the contribution rate at 18 percent (10 percent for employers and 8 percent for employees).

Payment Service Providers

The uptake and usage of digital payment platforms in Fiji remains promising, driven by technology advancements and an increase in consumer demand for convenient, efficient and accessible financial solutions. This is further supported by the high volume of inward remittances.

As at 30 June 2024, the total value of electronic money (e-money) in circulation was reported at \$94.8 million (June 2023: \$80.1m), with an average of \$97.4 million in circulation on a monthly basis during the 12 month period. While the number of registered e-money accounts declined by 0.3 percent to 945,390 in June 2024 compared to the same period last year, the number of active e-money users increased from 454,092 in June 2023 to 655,493.

Person-to-person (P2P) transfers significantly increased by 56.1 percent over the 12-month period, to \$1.8 billion as at 30 June 2024. The increase in the usage of e-money platforms indicate the general shift in behaviour of consumers towards digital financial services largely due to its convenience and accessibility.

International inward remittances via e-money platforms stood at \$551.2 million as at 30 June 2024, increasing by 36.6 percent (or \$147.8m) over the year, largely supported by the increase in the volume of inward remittances from Australia, the United States of America, New Zealand and the United Kingdom.

Total transactions acquired via payment service providers payment platforms increased by 151 percent

to \$550.5 million as at 30 June 2024. The significant increase in the volume of acquired transactions indicate local businesses' uptake of payment service providers payment platforms as a means for accepting payment transactions.

The Fijian Government's regulated public transport fare payment system, e-Transport, continues to operate on Vodafone Fiji's M-PAiSA platform. Aggregate value of top-up transactions for the 12-month period ending 30 June 2024 was reported at \$292.4 million, declining by 17.1 percent from \$352.6 million worth of top-up transactions recorded in the same period last year.

Capital Markets Industry Securities Exchange

The SPX noted an expansion in the value and volume of shares traded for the period ending 30 June 2024, which was complemented by an additional quotation of shares by listed securities on the trading platform as part of their dividend reinvestment plans.

Market capitalisation was reported at \$3.5 billion as at 30 June 2024, a growth of 6.2 percent (or \$203.0m) from \$3.3 billion reported in the prior year. This mainly resulted from an increase in the share price of three of the top five listed securities on the trading platform, as well as additional quotation of shares by six listed securities over the year (Figure 20).

In terms of market capitalisation, the top five listed securities accounted for 72.7 percent of the stock market as at 30 June 2024. Amalgamated Telecom Holdings continues to dominate the stock market at 30.5 percent, followed by RB Patel Group Ltd (13.4%), Vision Investment Ltd (12.3%), Fijian Holdings Limited (8.8%) and Flour Mills of Fiji (7.7%).

In line with the increase in market capitalisation, the SPX Total Return Index increased by 8.5 percent over the year to 8,994.13 as at 30 June 2024 when compared to 8,291.37 for the same period in the prior year.

During the year, a total of four special crossing transactions were carried out off the trading board for four listed securities, grossing 11.4 million shares with a total value of \$20.7 million. The total volume of securities traded³¹ were 8.9 million, with a total value of \$17.0 million transacted through 2,705 trades over the year to June 2024, compared to 3.0 million shares valued at \$6.1 million (Figure 21).

As at 30 June 2024, the stock market recorded a year-to-date average return of 10.9 percent, consisting of an average yield³² of 2.1 percent and capital gains of 8.8 percent.

The average buy-to-sell order ratio as at 30 June 2024 stood at 1:20, same as June 2023.

Managed Investment Schemes (MIS)

Funds under management for the MIS market as at 30 June 2024 stood at \$636.8 million, a growth of 17.9 percent from \$539.9 million in the preceding year. The increase resulted from the continuous growth in unitholders' fund and reserves by \$64.7 million and \$32.2 million, to \$444.6 million and \$192.1 million, respectively.

Investments comprised 83.0 percent of total assets and noted an increase of 22.5 percent (or \$100.0m) from the prior year to \$544.3 million. Unlisted securities continued to dominate the MIS investment portfolio at 36.8 percent, followed by listed securities at 33.2 percent, term deposit held at financial institutions (18.4%),

³¹ excluding special crossing.

³² Average dividend/interest yield as per the companies' financial year.

Government bonds (7.8%), loans and receivables (2.8%), and property (1.0%).

The MIS market reported an after-tax profit of \$15.1 million for the year ended 30 June 2024, compared to \$15.9 million in the prior year. The slight fall in profits was due to the significant increase in investment expenses by \$1.4 million compared to the increase in investment income by \$0.6 million.

Liquid assets held by the MIS market rose by 9.4 percent (or \$16.7m) to \$194.3 million as at 30 June 2024, driven by increases in holdings of term deposits held with financial institutions. However, the liquid assets to repurchases ratio stood at 21.6 times as at 30 June 2024, compared to 23.9 times in the corresponding period of 2023.

The number of unitholders stood at 130,603 as at 30 June 2024, a growth of 42.4 percent from the prior year with Tikina Trust & Companies dominating in terms of the number of unitholders at 49.3 percent, followed by private individuals at 44.3 percent.

Complaints Management

The RBF is responsible for handling and managing customer complaints by licensed and/or supervised financial service providers (FSPs) which ensures that grievances are addressed promptly and effectively to maintain trust, accountability and continuous development of the financial system.

Where customers' complaints remain unresolved at the FSP level, customers are offered the option of escalating their complaints to the RBF.

During the review period, the RBF addressed a total of 42 complaints, which represented a 23.6 percent decline compared to the same period in the 2022-23 period. Around 86.0 percent of the complaints escalated to the RBF were successfully resolved.

The RBF also noted significant improvements in its complaints-handling processes, as shown by the decline in the number of complaints carried forward into the subsequent financial year.

In the last FY, 19 complaints were being carried forward. However, during this period only 6 complaints remained unresolved and will be carried forward to the next review period.

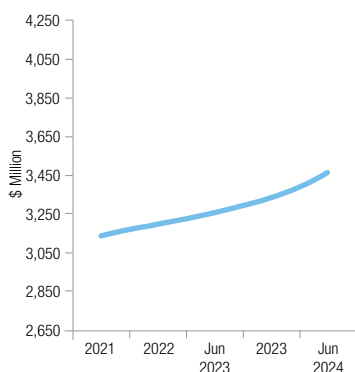
Additionally, out of the 42 new complaints recorded during the financial year, four complaints were referrals from the Consumer Council of Fiji and the Fijian Competition and Consumer Commission.

Majority of the new complaints (92.9%) were related to banking and insurance matters.

Moreover, complaints about poor customer service – such as the lack of response, discourteous conduct and miscommunication with FSPs – remained among the top three complaint types in all the industries. The banking industry had complaints that were predominantly related to fees and charges.

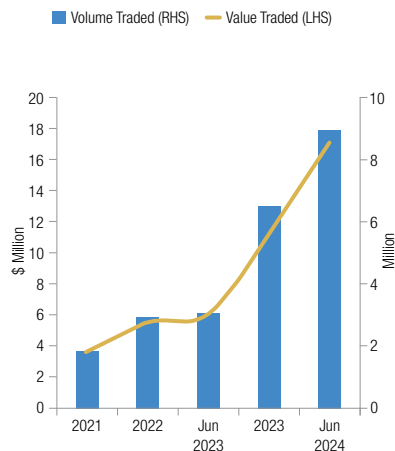
Furthermore, the insurance industry recorded a marked improvement, with a 25 percent decline in complaints relating to all products and services.

Figure 20: Market Capitalisation



Source: South Pacific Stock Exchange

Figure 21: Volume and Value of Shares Traded*



* This graph excludes special crossing transactions. Periods are for 12 months cumulative.
Source: South Pacific Stock Exchange

Protection and Fair Treatment of Financial Consumers Policy

On 1 April 2024, the RBF issued a Financial System Development Policy Statement (FSDPS) 3 on the Protection and Fair Treatment of Financial Consumers.

The FSDPS 3, issued with six Guidelines, is a comprehensive framework designed to ensure fair and responsible treatment of financial consumers in their interactions with FSPs and applies to entities licensed or supervised by the Reserve Bank, including commercial banks, credit institutions, insurers and brokers, capital market entities and intermediaries, foreign exchange dealers, the FNPF, payment service

providers, and supervised non-bank financial institutions.

The policy provides a transition period of 12 months from the date of issue to allow FSPs to gradually implement changes, update their processes, and take all necessary actions to ensure compliance with the policy requirements. Full implementation and reporting by the FSPs will commence from 1 April 2025.

Office of the Financial Services Ombudsperson

A new office of the Financial Services Ombudsperson (FSO) was established by the Bank on 31 July 2024. The FSO will play a crucial role in ensuring that consumers

have access to a reliable, cost-free mechanism for addressing their grievances, thereby fostering trust and confidence in Fiji's financial sector. The FSO strengthens the RBF's existing complaints management role and will act as an independent and impartial arbiter in disputes between customers and FSPs.

CURRENCY

Under Sub-section 4(a) of the Reserve Bank of Fiji Act (1983), the Bank is charged with regulating the issue of currency in Fiji. The RBF is responsible for maintaining an adequate supply of quality notes and coins in circulation. It issues notes and coins that are commensurate with demand for payment purposes and redeems any notes or coins that are mutilated or no longer fit for circulation and destroys them accordingly. The Bank also determines the denomination and design of Fiji's notes and coins, subject to the approval of the Minister for Finance, Strategic Planning, National Development and Statistics.

Currency in Circulation

As at 31 July 2024, total currency in circulation stood at \$1,061.7 million compared to \$1,015.8 million a year ago. The value of notes in circulation increased by 4.4 percent to \$982.8 million during the FY with the \$5, \$10 and \$100 denominations being the highest circulated notes (Table 12).

The value of coins in circulation increased by 6.3 percent to \$78.9

million during the financial year. The \$2 and \$1 coins registered a growth of 7.7 percent to \$23.8 million and 7.4 percent to \$20.3 million, respectively.

The Bank continued to accept demonetised currency in circulation from the general public. Pre-decimal currency comprising of pounds, shillings and pence issued before 1969 were also received from the

public.

Cost of Currency

For the financial year ending 31 July 2024, the cost of currency issued by the Bank decreased by 17.4 percent to \$3.8 million (Table 13).

Banking Transactions

For the FY ended 31 July 2024, the value of currency issued to commercial banks was \$1,118.4

Table 12: Notes and Coins in Circulation (\$M)³³

Notes in Circulation			
Denomination	Jul 2022	Jul 2023	Jul 2024
50c	0.1	0.1	0.1
\$1	1.8	1.8	1.8
\$2	7.8	7.8	7.8
\$5	22.7	25.1	27.5
\$7	10.5	10.7	6.3
\$10	48.7	57.0	63.6
\$20	83.3	86.3	88.1
\$50	237.9	234.8	221.5
\$100	490.1	517.6	565.8
Pre-decimal Currency	0.3	0.3	0.3
Total	903.2	941.5	982.8
Coins in Circulation			
Denomination	Jul 2022	Jul 2023	Jul 2024
1c	1.3	1.3	1.3
2c	1.1	1.1	1.1
5c	5.4	5.7	5.9
10c	5.7	5.9	6.2
20c	8.1	8.5	8.9
50c	10.1	10.6	11.2
\$1	18.0	18.9	20.3
\$2	20.3	22.1	23.8
Pre-decimal Currency	0.2	0.2	0.2
Total	70.2	74.3	78.9
Notes & Coins in Circulation			
	Jul 2022	Jul 2023	Jul 2024
Notes	903.2	941.5	982.8
Coins	70.2	74.3	78.9
Currency in Circulation	973.4	1,015.8	1,061.7

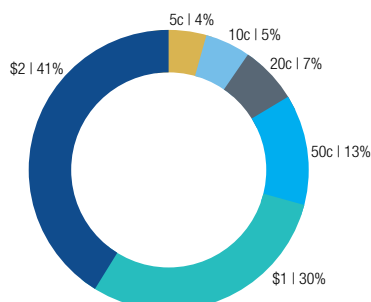
Source: Reserve Bank of Fiji

Table 13: Cost of Currency Issued (\$M)

	Aug 2021- Jul 2022	Aug 2022- Jul 2023	Aug 2023- Jul 2024
Notes	3.0	3.7	2.4
Coins	0.6	0.9	1.4
Total	3.6	4.6	3.8

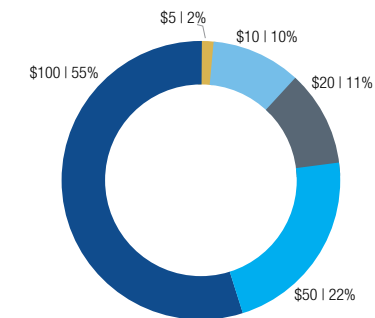
Source: Reserve Bank of Fiji

Figure 23: Coins Issued from August 2023–July 2024 (Total Value: \$6.0m)



Source: Reserve Bank of Fiji

Figure 22: Notes Issued from August 2023 - July 2024 (Total Value: \$1,112.4m)



Source: Reserve Bank of Fiji

³³ A negligible volume of 50 cent, \$1 and \$2 banknotes issued previously, at less than 0.1 percent of the value of currency in circulation, is yet to be redeemed by the Bank.

million, of which \$1,112.4 million was in notes (Figure 22) and \$6.0 million in coins (Figure 23).

The \$100 and \$50 notes issued continued to be the highest in value, driven by its increasing usage in automated teller machines.

The \$2 and \$1 coins issued continued to be the highest in value, reflecting the shift in public demand from low to high-value coins.

Note Processing

The purpose of the note processing operation is to ensure that quality notes remain in circulation. A note-processing machine processes and sorts all redeemed notes through commercial banks and the general public for fitness.

For the financial year ending 31 July 2024, 28.8 million redeemed notes

were processed, of which 17.0 million pieces were deemed fit for reissue while the balance was considered unfit and subsequently destroyed (Table 14).

Mutilated and Old Design Currency Assessments

A total of \$0.6 million in mutilated and old-design currency was reimbursed to commercial banks, businesses and individuals during the review period.

Counterfeit Notes

The volume of counterfeit notes discovered during the FY was negligible, at less than 0.1 percent of the value of the total currency in circulation (Table 15).

In its effort to address counterfeiting, the Bank continued to assist the Fiji Police Force with relevant investigations. The Bank also distributed awareness materials to

various organisations, schools and the general public.

Numismatics

Numismatic is a niche market involving the study and collection of currency and includes both notes and coins. The Bank's numismatic operations remain strong and at the end of this FY, the Bank has realised \$0.6 million in numismatic income.

During the year, the sale of existing silver and coloured coins, single, pairs and uncut note sheets, including other collectible items, continued.

Several agreements with partner mints for various new numismatic currency programmes were also signed by the Bank.

Table 14: Notes Processed

Notes Processed	Aug 2022-Jul 2023		Aug 2023-Jul 2024	
	Value (\$M)	Pieces (Million)	Value (\$M)	Pieces (Million)
Notes Saved for Reissue	307.6	6.0	550.0	17.0
Notes Destroyed	705.6	20.9	465.8	11.8
Total Processed	1,013.2	26.9	1,015.8	28.8

Source: Reserve Bank of Fiji

Table 15: Counterfeit Note Summary

Denomination	Aug 2022-Jul 2023		Aug 2023-Jul 2024	
	Value (\$)	Number of Notes	Value (\$)	Number of Notes
\$5	-	-	-	-
\$7	-	-	-	-
\$10	-	-	10	1
\$20	40	2	-	-
\$50	900	18	150	3
\$100	4,600	46	900	9
Total	5,540	66	1,060	13

Source: Reserve Bank of Fiji

PAYMENT AND SETTLEMENT SYSTEMS

Domestic payments continued to grow during the review period due to improvements in infrastructure, market-led innovations and customer demand for efficient and convenient means of payment. The RBF continued to implement significant upgrades to its systems which are designed to support a secure, efficient and reliable National Payment System (NPS).

Payments

FIJICLEAR is the payment system that is owned and operated by the RBF. Its principal component is the Real Time Gross Settlement System (RTGS), which provides immediate settlement of critical payments between commercial banks while facilitating liquidity management to ensure the smooth functioning of the financial system.

As part of the second phase of the NPS Project, the RBF launched the ACH in November 2023, which operates alongside the RTGS to facilitate more efficient processing and clearing of retail transfers, which are typically low value, high volume payments.

The ACH introduces capabilities for commercial banks to accommodate two types of payments: Electronic Funds Transfers (EFTs), often known as bulk transfers, and Instant Funds Transfers (IFTs). IFTs allow customers to make payments that are processed and cleared within seconds and is available 24 hours, seven days a week.

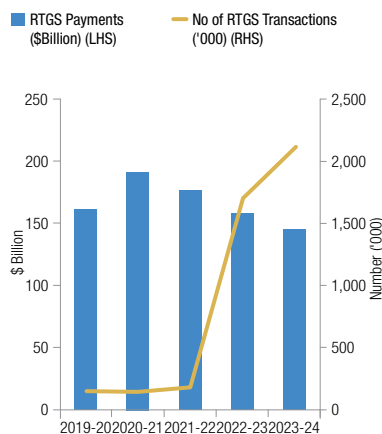
Furthermore, FIJICLEAR also supports the RBF's role as registrar of debt securities for the Fiji Government and certain statutory entities. This role necessitates proper and timely settlement, via FIJICLEAR, of all coupon and redemption payments to investors of domestic bonds held in custody by the Central Securities Depository (CSD).

The CSD maintains accounts for securities in digital form for placement by issuers or investors. It allows for the quick transfer and settlement of securities, as well as the provision of safekeeping services for investors and asset-related services such as interest payment and redemption administration, and registrar services.

FIJICLEAR is also the primary system through which advances under the Government's refinancing facilities are deployed into the financial system.

During the 2023-24 financial year, the RTGS recorded 2.1 million transactions valued at \$146.3 billion (Figure 24). While this represents a slight decline of 7.7 percent in value over the year, the total volume of

Figure 24: RTGS Transactions



Source: Reserve Bank of Fiji

Table 16: Monthly Average RTGS Transactions

Monthly Average*	2019	2020	2021	2022	2023	2024
Gross Payments (\$ Million)	11,900	13,450	15,990	14,760	13,224	12,194
Number of Transactions	12,297	12,495	12,332	16,297	142,330	176,375

* Monthly average for financial year ending 31 July

Source: Reserve Bank of Fiji

RTGS payments increased by 23.9 percent on account of the efficiencies introduced by straight-through processing between commercial banks.

Furthermore, the monthly averages in RTGS payments showed an increase in transaction volume but a decline in transaction value (Table 16).

Since its establishment in November 2023, the ACH has processed a total of \$2.6 billion through 0.06 million EFT payments or bulk transfers. Additionally, IFTs amounted to \$406 million which were made through over 0.8 million payments for the same period.

Settlements

The settlement function is responsible for the accurate and timely settlement

of all foreign currency transactions and accounts for all such trades on the Hi-Portfolio Investment Accounting System.

Through SWIFT – the global messaging network used for secure and efficient international payments – the RBF manages accounts for other central banks in the region and international organisations, underscoring the interconnectedness between domestic payments and the global financial system.

During the review period, the RBF transitioned from the SWIFT on-premises system to a more advanced cloud portal. This strategic move aims to enhance operational efficiency and resilience, mitigate risks, and reduce costs.

In line with this transition, the RBF is preparing for a second phase of improvements to SWIFT. This phase involves a migration to the ISO 20022 standard which will allow for more detailed and structured information in financial messages. This is expected to improve efficiency, compatibility with future innovations, and align with global best practices.



Box Item 1

Revolutionising the National Payment Systems – A Continuous Journey

In an era where digital transactions dominate daily life, the call for NPS reform has grown louder. Governments and central banks across the globe are recognising that outdated payment infrastructures can stifle economic growth, limit financial inclusion, and expose consumers to increased fraud and security risks. As the demand for more seamless and secure transactions continues to rise, many countries are taking steps to modernize their payment systems.

Historically, payment systems in many countries have lagged behind technological advancements. Transactions often rely on cumbersome processes that can lead to delays and costs for businesses and consumers. As e-commerce and digital wallets gain popularity, there is a pressing need to upgrade the national payment infrastructure, and Fiji is no exception.

Financial experts argue that a modern payment system is essential for promoting economic efficiency. "An efficient payment ecosystem facilitates commerce, supports innovation, and enhances user experience," said Dr Jane Smith, a leading economist at the National Institute for Financial Studies. "Reform is not just a matter of convenience; it's crucial for economic growth."

The Reserve Bank of Fiji has been making strides in upgrading its NPS and, in 2022, launched its upgraded Real Time Gross Settlement System and Central Securities Depository System. In 2023, the Bank further launched its Automated Clearing House System with Bulk and retail payments known as Electronic Fund Transfer (Bulk Payments) and Instant Fund Transfer (Instant Retail Payments). The Bank is now working on onboarding the Mobile Network Operators into the central infrastructure which will be a milestone achievement. Furthermore, preliminary work has on the standardization of QR codes and on National ID and electronic Know Your Customer (e-KYC).

The RBF, together with its development partners, is using international standards and best practices to guide the reform process, ensuring that payment systems are efficient and secure.

For the RBF the NPS reform is not merely a response to technological change; it is a necessary strategy for fostering economic growth, improving security, and enhancing financial inclusion. As we commit to modernising our payment infrastructure, the future of transactions promises to be faster, safer, and more inclusive.





MISSION

PLAY AN INFLUENTIAL
ROLE IN THE
DEVELOPMENT OF THE
ECONOMY

In addition to its core functions of conducting monetary policy, financial stability and the issue of currency, the Reserve Bank also implements various initiatives to develop the economy.

Financial facilities at the RBF

During the FY 2023-2024, the Bank ceased lending under DRCF and suspended the ISEFF. This was part of the Bank's effort to roll back measures that we implemented to assist with economic recovery during the COVID-19 pandemic. The Housing Facility and the Micro, Small and Medium Enterprises Credit Guarantee Scheme (MSMECGS) remained operational during the reporting period.

ISEFF

While the facility remained suspended throughout the FY 2023-2024, a total of five loans amounting to \$15.6 million that were approved prior to the suspension were disbursed. Total outstanding loans under the facility declined significantly due to repayment of loans to \$369.6 million at the end of July (Figure 25) compared to \$480.2 million in the same period last year. The manufacturing sector led the way in terms of loan uptake, demonstrating its importance in Fiji's economic

landscape. Other sectors that benefited from the facility included tourism, wholesale and distribution, agriculture, public transportation, timber, and renewable energy. Since its inception, the facility has assisted 315 eligible businesses, disbursing funds amounting to \$747.1 million.

DRCF Standard

Due to the facility's closure, there were no new loan disbursements. As of 31 July 2024, the total outstanding loans under the facility from 73 businesses was \$274.4 million against the total allocation of \$350.0 million, compared to \$345.2 million for 88 businesses outstanding in the previous year (Figure 26).

DRCF Government Guaranteed

The facility started in August 2021 with an allocation of \$200.0 million to assist Micro, Small, and Medium Enterprises (MSMEs). A total of 5,784 businesses were assisted with a loan value of \$126.5 million through their lending institutions.

The interest subsidised by the

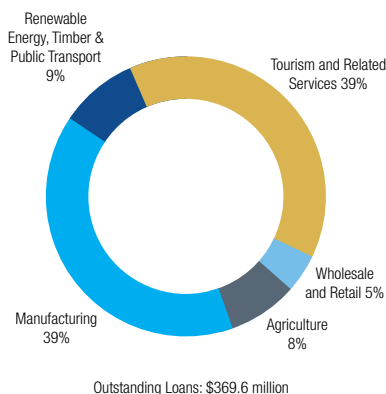
Government for the first two years continued to be paid to the eligible businesses and will end in 2026. During the financial year, a total of \$1.3 million was disbursed for MSME loans approved before the closure of the facility.

As of 31 July 2024, \$113.5 million was outstanding from 5,380 businesses (Table 17). Of these, 2,493 (46%) are micro-businesses, 1,719 (32%) are small businesses, 705 (13%) are medium-sized businesses and 463 (9%) are large businesses who were advanced loans via Licensed Credit Institutions, Commercial Banks, and the FDB.

MSMECGS

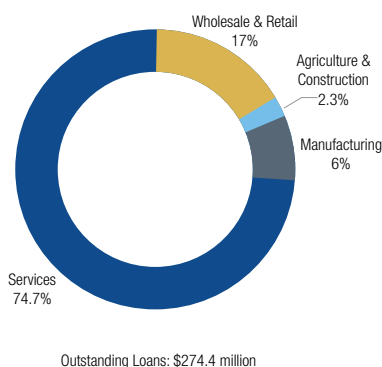
The Fiji Government's Micro Small and Medium Enterprises Credit Guarantee Scheme (MSMECGS) continued to be managed by the Bank. The scheme aims to improve credit access for MSMEs by enabling the Government to share part of the loan risk with the commercial banks, licensed credit institutions, and the FDB. As at the end of June 2024, a total of

Figure 25: ISEFF Outstanding Loans by Sector as at 31 July 2024



Source: Reserve Bank of Fiji

Figure 26: DRCF Outstanding Loans by Sector as at 31 July 2024



Source: Reserve Bank of Fiji

Table 17: DRCF Enhanced Facility by Business Size

Business Size	Outstanding Loans as at 31 July 2024		Repaid 2023-2024	
	No.	Loan Value (\$m)	No.	Loan Value (\$m)
Micro	2,493	17.6	82	0.6
Small	1,719	24.2	57	0.9
Medium	705	30.3	35	1.4
Large	463	41.4	39	3.5
Total	5,380	113.5	213	6.4

Source: Reserve Bank of Fiji

324 loans valued at \$6.87 million were registered under MSMECGS. Additionally, there were 12 new claims valued at \$0.13 million during the year taking the total amount claimed under the scheme to \$0.62 million against the total allocation of \$9.0 million.

Housing Facility

The RBF housing facility continued to provide concessional funding to first homeowners through commercial banks, licenced credit institutions, and the FDB. The uptake in lending under the facility during the year increased to \$8.4 million compared to \$3.2 million in the previous year. Since the inception of the facility, a total of \$103.0 million has been advanced to 1,476 households to build or purchase their new homes. As at end of July 2024, the outstanding balance under the facility stood at \$79.8 million from 1,271 customers.

Secondary and Retail Bond Market

The \$10.0 million allocated by the Government to raise funds through the issuance of the retail Viti bonds

was fully allotted as retail investors continued to take advantage of the attractive rates in the Viti bond market. The outstanding value of Viti bonds at the end of July 2024 was \$69.9 million, held by 475 investors. In the secondary market, Viti bonds continued to be traded amongst retail investors and the Reserve Bank, whereby 95 parcels of Viti bonds valued at \$1.9 million were transacted, compared to 58 parcels of Viti bonds valued at \$1.4 million in the previous year. In addition, three parcels of Fiji Infrastructure Bonds were traded, valued at \$33.2 million.

Financial Systems Development

Personal Property Securities Registry (PPSR)

The RBF provides administrative and support services to clients on the PPSR which was established on 31 May 2019 as an online, publicly searchable registry for notices of security interests under the Personal Property Securities Act (PPSA) 2017.

During the twelve-month period ending 31 July 2024, a total of 17,532 notices were registered on the PPSR compared to 18,824 in the same period last year, a decline of 6.4 percent. At the end of 31 July 2024, cumulative registrations on the PPSR stood at 129,389 (Table 18).

Five new registrants were onboarded during the period, bringing the total to 118 client accounts. The majority of notices registered to-date (44.0%) were made by banks (including the FDB), followed by credit institutions (40.8%).

Excluding client accounts and the RBF as its Registrar, the PPSR recorded over 90,830 public searches during the review period ending 31 July 2024, an increase of 17.9 percent from 77,010 for the year ending 31 July 2023. Cumulatively, over 401,736 searches have been recorded by the PPSR since going online. Both registrations and searches remain free of charge to client accounts and the public.

Table 18: Cumulative Filings by Client Account

Client Account Category	Number of Client Accounts	Cumulative Number of Filings	Proportion of Total Cumulative Filings
Banking Industry	7	56,918	44.0%
Credit Institutions	4	52,846	40.8%
Finance Companies & Other Lenders	5	10,398	8.0%
Motor Vehicle Dealers	7	4,233	3.3%
Law Firms	53	3,134	2.4%
Credit Unions	4	344	0.3%
Other Entities & Individuals	38	1,516	1.2%
TOTAL	118	129,389	100.0%

Source: Reserve Bank of Fiji

Secured Transactions Reform

The passage of the PPSA 2017 and the introduction of the PPSR on 31 May 2019 were achievements of Phases I and II of the Secured Transactions Reform.

Work on Phases III and IV continued during the year with the aim of introducing new or modified lending products secured by movable assets which are earmarked for uptake by a sample of Small and Medium Enterprises (SMEs) for an impact evaluation of the reform.

With technical assistance provided by the Asian Development Bank Private Sector Development Initiative, banks and credit institutions participated in 17 workshops held in the financial year across Viti Levu to promote new lending among targeted SMEs. This exercise is expected to continue in the new financial year to reach the minimum number of SMEs required for the impact evaluation.

MSME Development

The RBF remains committed to supporting initiatives aimed at improving access to finance for MSMEs in collaboration with the Fiji Government, FSPs and other key stakeholders.

To support MSMEs' participation in e-commerce, the RBF subsidised monthly registration fees for 172 MSMEs on three e-commerce platforms to a total value of \$44,345 during the financial year. These platforms included VitiKart, Cyberfood, and My Fiji Store.

The RBF also continued its support for the Fiji Commerce and Employers Federation's Fiji Enterprise Engine (FEE) accelerator program, subsidising the registration costs

of 26 MSMEs in the 2023 cohort. FEE offers MSMEs' core business skills through trainings conducted by local business coaches and advisors across a range of disciplines specifically for MSMEs. Similarly, the RBF also provided financial support to *Tubuna* Business Development which offers services to MSMEs under its Resource Based Incubator Project.

Furthermore, the RBF and the Market Development Facility signed a Memorandum of Understanding for a partnership to carry out a landscape assessment of accelerator and incubator programs across Fiji. The assessment is expected to offer a comprehensive review of the business support ecosystem and inform the RBF as well as other stakeholders on policy recommendations and initiatives to enhance support for MSMEs.

In partnership with the Asian Development Bank (ADB) Covid-19 Business Recovery Program, the RBF commissioned an Assessment of Microfinance Constraints and Regulatory Framework in Fiji between April and May 2024. A report is expected to be released in the next financial year outlining recommendations on the RBF's regulatory approach towards microfinance institutions and its role in enhancing support for MSMEs.

Through the National MSME Statistics Taskforce established by the Ministry of Trade, Cooperatives, MSMEs and Communications (MTCMSMEC), the RBF continued to support the development of an MSME database and a framework for determining the collective contributions of MSMEs to GDP. The taskforce, which comprises representatives of the Fiji Bureau of Statistics and the Fiji Government,

held three meetings during the review period.

FinTech Development

The RBF supports the development of the FinTech industry through dialogue and a facility for time-bound, controlled live tests for eligible solutions under the Financial Sector Development Policy No. 2: FinTech Regulatory Sandbox Guidelines ("Sandbox").

There were no admissions into the Sandbox during the review period. However, the RBF continued to facilitate bilateral meetings with prospective FinTech start-ups/providers.

As the Sandbox approaches its fourth year of implementation, work is planned for the review of the Sandbox in light of recent developments, including reforms in the NPS.

Additionally, the RBF secured technical assistance for a FinTech Landscape Diagnostic and a National FinTech Strategy. This work is expected to continue into the new financial year and aims to strengthen the RBF's role in furthering the development of the FinTech industry.

Financial Inclusion

National Financial Inclusion Strategy (NFIS) 2022-2030 Update

Fiji's NFIS 2022-2030 aims to empower Fijians to build resilient and sustainable livelihoods and businesses through financial inclusion³⁴.

The NFIS 2022-2030 includes Financial Inclusion Indicators aligned with international standards, focusing on access, usage, and quality. Key targets aim to increase overall

³⁴ NFIS 2022-2030 is aligned to the Financial System Development Group's (FSDG) mandate of promoting financial inclusion under the Bank's Strategic Goal (e) Develop the Financial System directly linked to Theme 1: Strengthening our Central Banking Role via Strategic Priority 1.1 Macroeconomic Stability and Financial Stability.

financial inclusion to 90 percent, women's inclusion to 85 percent, insurance coverage to 50 percent, and digital payments (excluding mobile money) to 45 percent by 2030.

As a result of the concerted efforts of the RBF and key stakeholders in its implementation, significant progress was made in the following areas (Table 19):

- Approximately 86.5 percent of adults are financially included, surpassing the short-term NFIS target of reaching 86 percent by 2024.
- The gender gap has narrowed

further from 10.2 percent in 2022 to 9.4 percent in 2023; and

- The share of adults engaging in digital payments (excluding mobile money) rose from 38.5 percent in December 2022 to 45.4 percent in 2023, surpassing the NFIS short-term target of 34 percent by 2024.

Further details of the NFIS progress under each target are provided in Table 19.

National Financial Inclusion Taskforce (NFIT)

The implementation of the NFIS is monitored by the NFIT and is supported by the following four working groups that meet quarterly

with the RBF as secretariat: (i) Inclusive Finance, (ii) Digital Financial Services (DFS), (iii) MSME Finance, and (iv) Consumer Protection and Financial Capability. The NFIT met twice during the year and its membership included representatives from the Fiji Government, statutory bodies, private sector institutions, development partners and civil society organisations.

Table 19: NFIS Implementation Progress 2022-2023

Indicators	Baseline (2020)	2021	2022	2023p	Short Term Target (2024)
1. % Adult population financially included (formal)	84	84.0	86.9	86.5	86
a. % <i>Women financially included (formal)</i>	78	78.1	81.7	81.9	80
b. % <i>Youth financially included (formal)</i>	71	68.6	68.7	67.2	75
2. % Adult population with a regulated savings account	5	1.7	1.6	0.2	TBD
3. % Adults with a regulated credit account	10	9.5	9.5	10.0	15
a. % <i>Women with a regulated credit account</i>	7	6.6	6.8	7.7	10
b. % <i>Youth with a regulated credit account</i>	8	7.6	7.4	8.4	12
4. % Adult population covered under an insurance policy	37	33.0	46.4	36.6	40
5. % Adult population with a superannuation account	71	70.4	63.6	64.9	73
6. % Adults with an active mobile money account	27	95.2	71.6	87.0	31
a. % <i>Women with an active mobile money account</i>	27	100.0	73.8	75.2	31
b. % <i>Youths with an active mobile money account</i>	23	85.2	62.5	83.2	30
7. % Adults making or receiving digital payments other than mobile money	30	33.3	38.5	45.4	34
a. % <i>Women making or receiving digital payments other than mobile money</i>	29	38.0	35.4	41.1	32
b. % <i>Youth making or receiving digital payments other than mobile money</i>	41	54.1	41.6	46.7	45
8. Number of DFS Transactions per account	22	23.2	28.7	25.8	30
9. Number of mobile money transactions per account	21	58.4	49.8	62.5	30
10. Share of MSME loans in business loans	14	17.7	15.5	TBD	16
11. % of complaints registered with LFI and resolved within 3 months.	95.0	94.0	97.9	99.3	98.0
12. % of children with savings account at a formal institution	4	7.7	7.7	0.4	8

Source: Reserve Bank of Fiji

Box Item 2

Fiji commits to the Women Entrepreneurs Finance (“We-Fi”) Code

On March 23, 2024, the ADB launched the We-Fi Code in Fiji. At the event, the Ministry of Women, Children & Social Protection (MWCSP), MTCMSMEC, the Fiji Development Bank and the Reserve Bank signed the We-Fi Code, marking a historic moment for Fiji as the third country to support such an initiative.

The initiative is a multi-stakeholder effort to increase financing for women-led MSMEs (“WMSMEs”). It aims to accelerate financing for women entrepreneurs and create a permanent shift in how women-led businesses are perceived, supported, and financed.

In essence, the We-Fi Code aligns with the RBF’s efforts under the NFIS 2022-2030 to promote financial inclusion with Women and WMSMEs as target groups.

Representatives from the participating ministries and FSPs emphasised their dedication to implementing the We-Fi Code’s principles and ensuring that women entrepreneurs receive the necessary support to thrive.

The initiative aims to empower women to contribute significantly to the economy and improve their livelihoods by facilitating access to credit, training, and mentorship. By joining the We-Fi Code, Fiji demonstrates its commitment to creating an inclusive financial ecosystem.



Alliance for Financial Inclusion (AFI) Annual Global Policy Forum (GPF)

The RBF is an active member of AFI, a policy leadership alliance owned and led by member central banks and financial regulators with the objective of advancing financial inclusion across country, regional and international levels.

In September 2023, AFI held its 13th Annual GPF where over 700 delegates from 70 countries converged in Manila, Philippines. Under the theme “Stability, Sustainability and Inclusivity for Shared Prosperity” members deliberated on the complementarity of financial inclusion and traditional mandates of central banks. Contemporary issues in financial inclusion amidst growing global uncertainty, high inflation, and growing geopolitical fragmentation were also discussed.

Despite these challenges, global financial inclusion saw a marked

improvement. The unbanked population was reported to have stood at 1.4 billion people in 2023 compared to 3.2 billion in 2009.

Governor Ariff Ali, who had been a member of AFI’s Board of Directors since 2021, was announced as the incoming Chair at the GPF. He led Fiji’s delegation, which comprised 9 representative members for each of AFI’s working groups in various financial inclusion work streams. This included two members of the NFIT, namely, Ms Tupou Halofaki of BSP Bank (Chair of the Inclusive Finance Working Group) and Ms Sereana Matakibau (proxy NFIT member) from the iTaukei Affairs Board. The *Banco Central de Reserva de El Salvador* will host the next Annual GPF in September 2024.

RBF hosts AFI Working Group Meetings

The RBF hosted the 27th Consumer Empowerment and Market Conduct Working Group (CEMCWG) and the 10th Inclusive Green Finance Working

Group (IGFWG) at the Sheraton Fiji Golf and Beach Resort, Denarau from 4 to 7 March 2024.

Over 100 participants from 61 AFI member institutions convened at the event which provided a platform for policy leadership and regulatory guidance on pertinent issues in financial inclusion policy specific to the IGFWG and CEMCWG focus areas.

The IGFWG provided valuable exchanges on regulators’ experiences in developing green taxonomies and climate and disaster risk finance and insurance initiatives across member countries. On the other hand, the CEMCWG probed issues around market conduct supervision and innovative tools in customer behavioural insights and financial education.

Box Item 3

Pacific Islands Regional Initiative (PIRI) Plus – Natadola Roadmap

In June 2024, the RBF hosted the 2024 Annual PIRI meeting at the Intercontinental Fiji Golf Resort and Spa in Natadola. PIRI is an initiative established by AFI in 2014 with the objective of translating global financial inclusion initiatives into practice in alignment with regional and national priorities. PIRI Plus is an extension of the PIRI collective that includes the Central Bank of Seychelles, recognising the shared financial inclusion challenges among small island states.

The meeting, which focused on the theme of “Sustainable Futures: Advancing Pacific Resilience through Inclusive Green Finance” highlighted the urgent need for central banks to address climate-related risks and challenges faced in advancing digital and financial inclusion among member countries. In acknowledging the urgency for affirmative action in the region, PIRI Plus leaders endorsed the Natadola Roadmap to Inclusive Green Finance in the Pacific (“roadmap”).

The Roadmap seeks to foster cooperation among financial regulators, institutions, national actors, development partners, and other stakeholders to create a sustainable and resilient financial sector, ensuring MSMEs and vulnerable populations have access to financial services to adapt to climate change and transition to sustainable practices.

In reaffirming commitment to the Sharm El Sheikh Accord on Inclusive Green Finance¹, PIRI members agreed to prioritise the following strategies and actions in the region:

- Develop a collaborative agenda on inclusive green finance, grounded in a shared vision;
- Deepen understanding and disseminate knowledge on inclusive green finance in the PIRI Plus region;
- Collaborative partnerships to accelerate inclusive green finance implementation in the PIRI Plus region;
- Establish mechanisms for pooled and shared resources; and
- Elevate member experiences and learnings to the global discourse on climate action and financial inclusion.

Through this pioneering Roadmap, PIRI Plus members will identify actionable pathways for the region to advance inclusive green finance, setting a precedent for regional cooperation and implementation within the AFI network.

Note: The Sharm El Sheikh Accord on Inclusive Green Finance was adopted by AFI members in 2017 during the AFI Annual GPF in Sharm El Sheikh, Egypt. This accord recognises the dual challenges of financial exclusion and climate change, particularly in developing and emerging countries, which are more vulnerable to these impacts.



The background features a dark blue field with glowing binary code (0s and 1s) in light blue and yellow. Scattered throughout are soft, out-of-focus bokeh lights in shades of yellow, orange, and blue. On the left side, there are several large, overlapping geometric shapes in shades of teal, grey, and orange, resembling stylized arrows or chevrons pointing towards the right.

MISSION

PROVIDE PROACTIVE AND SOUND ADVICE TO GOVERNMENT

Policy advice to the Government is provided in many ways. During the 2023-24 FY, the Bank held several meetings to discuss matters pertaining to the economy. Presentations on the economy were made as and when requested.

Policy Coordination

Policy formulation is crucial for the Government's macroeconomic management and therefore, must be appropriately undertaken by relevant economic policymaking agencies. RBF continues to provide valuable advice to the Government through its participation in various Committees during the fiscal year.

The Macroeconomic Committee (MC) and its Technical Committees prepared forecasts on Fiji's trade, GDP, and balance of payments. These projections are critical inputs into monetary policy formulation and other national policy decisions.

The Governor continued to chair the MC, which included officials from the Ministry of Finance, Strategic Planning, National Planning & Development; Fiji Bureau of Statistics; Ministry of Trade, Co-operatives, Small and Medium Enterprises; Ministry of Tourism and Civil Aviation; Office of the Prime Minister; Investment Fiji; Fiji Revenue & Customs Service and the Reserve Bank. During the 2023-24 FY, there were two forecasting rounds, six Macroeconomic Technical Committee meetings and two MC meetings.

As part of the macroeconomic forecasting process, the Reserve Bank met with key industry groups during the year. The information gathered from these meetings formed the basis for

forecasting national macroeconomic indicators and providing advice to the Government through the MC reports and the 2024-25 FY National Budget submission.

Registry and Banking Services

The Reserve Bank is the registrar for securities issued by Government and statutory corporations. Registry services include bond issuance, redemption, transfer of securities and interest payments that are carried out through the CSD, which is housed at the Reserve Bank. All securities information is stored securely in electronic format in CSD.

As a fiscal agent, the Bank also provides banking services, such as the "lender of last resort" facilities to the Government and commercial banks.

The RBF registry recorded \$6,354.4 million in bond holdings at the end of July 2024, compared to \$6,002.4 million in the same period in 2023 (Table 20). The net issuance of Government bonds totalled \$403.5 million, which led to an increase in the value of outstanding bonds by 6.8 percent to \$6,308.9 million. However, the outstanding balance for statutory corporation bonds declined by 53.1 percent to \$45.5 million.

At the end of July 2024, net bond interest and redemption payments increased by \$158.7 million to \$753.1

million. This resulted in the overall registry payments increasing by 15.3 percent to \$1,149.2 million. The value of all types of bonds maturing in FY 2023-2024 was higher compared to the previous year. In contrast to bonds, Treasury bills redemptions declined by \$6.4 million to \$396.1 million.

Due to the increased Government demand for funding, yields gradually rose and picked up momentum towards the financial year end for the 12-month and 20-year maturity terms (Figure 27). The rise in yields reflects the fall in liquidity in the financial system in quarter three and early parts of quarter four of the FY 2023-2024.

The Government continued to source funds through the issuance of Treasury bills to support its temporary financing needs. In the FY 2023-2024, the Government's Treasury bills issuance and redemptions totalled \$410.0 million and \$396.1 million, respectively (Table 21). The outstanding Treasury bills balance at the end of July 2024 stood at \$279.0 million compared to \$265.1 million in July 2023.

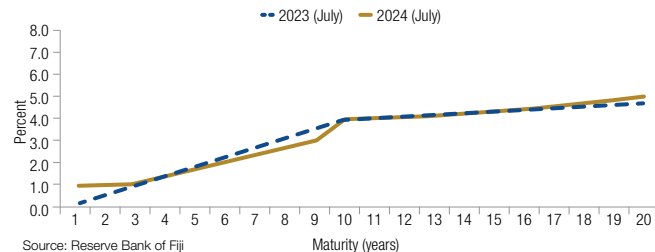
Similar to the Government bonds, yields on Treasury bills also rose significantly towards the end of the year, largely reflecting the fall in liquid conditions in the banking system.

Table 20: Outstanding Bonds as at 31 July 2024 (\$M)

	Issued	Redeemed	Outstanding
Total Government	727.6	324.1	6,308.9
o/w Fiji Development Loan Bonds	-	148.6	877.5
o/w Fiji Infrastructure Bonds	697.6	169.4	5,171.5
o/w Fiji Green Bonds	-	-	80.0
o/w Fiji Sovereign Blue Bonds	20.0	-	20.0
o/w COVID-19 Response Bonds	-	-	90.0
o/w Viti Bonds	10.0	6.2	69.9
FDB	-	41.5	30.5
HA	-	10.0	15.0
Total	727.6	375.6	6,354.4

Source: Reserve Bank of Fiji

Figure 27: Weighted Average Yields on Long-term Government Securities



Source: Reserve Bank of Fiji

Table 21: Treasury Bills as at July 2024 (\$M)

	Aug 2020 - Jul 2021	Aug 2021 - Jul 2022	Aug 2022 - Jul 2023	Aug 2023 - Jul 2024
Flotations	426.8	543.5	384.1	559.0
Allotments	392.6	532.5	384.1	410.0
Redemptions	388.8	522.5	402.5	395.8
Outstanding	273.5	283.5	265.1	279.0

Source: Reserve Bank of Fiji

The background features a dark blue and black field with glowing binary code (0s and 1s) in various colors (yellow, green, blue). There are also out-of-focus bokeh lights in yellow and blue. On the left side, there are several large, overlapping geometric shapes in shades of teal, grey, and orange, resembling stylized arrows or chevrons pointing right.

MISSION

DISSEMINATE TIMELY AND QUALITY INFORMATION TO STAKEHOLDERS

In line with the mission to disseminate timely and quality information to the public and relevant stakeholders, the Reserve Bank releases economic and financial information through major publications (monthly Economic Reviews, Quarterly Reviews and Annual Reports), press releases, on the RBF website and social media.

Financial Performance

Income

The Reserve Bank's total income primarily comprises interest income from foreign currency investments and domestic securities.

For the financial year ended 31 July 2024, total income was \$189.3 million led by the high interest from foreign reserves held by the Bank and domestic interest income (Table 22).

Expenditure

Total expenditure incurred during the year was \$53.7 million (Figure 28). Administrative spending was \$25.9 million, with staff costs representing the single largest operating expenditure for the Reserve Bank, accounting for over 68.1 percent of total operating costs (Figure 29). Other expenses for the year totalled \$7.8 million.

Assets and Liabilities

The Bank's total assets stood at \$5.5 billion as at 31 July 2024, representing a slight decline of

2.6 percent due to the decrease in overseas Fixed Term Deposits, overseas Short-term Paper & Current Accounts and Financing Facilities.

On the liabilities side, the decrease is mainly due to a reduction in Demand Deposits (Figure 30).

Operating Profit and Payment to Government

The operating profit for the year ended 31 July 2024 was \$135.5 million. The Minister for Finance approved the transfer of \$1.0 million from the operating profit to the General Reserve Account. As required under the RBF Act (1983), the balance of the operating profit was subsequently transferred to the Government at the end of September 2024.

The Act also requires the Reserve Bank to transfer one-fifth of the RRA balance to the Government, which amounted to \$1.7 million as at 31 July 2024. The amount transferred from the RRA was \$2.1 million in the previous financial period.

The Bank transferred \$136.2 million to the Government for the year ended

31 July 2024 compared to the \$103.4 million paid for the year ended 31 July 2023 (Table 23).

Records Management

The Bank uses Content Manager 10, an integrated Electronic Document Records Management System, for storing and retrieving indexed and digitised records.

The Bank's archives repository is located at the Bank's Business Resumption Site (BRS) and aligns with the requirements of good governance and the Public Records Act (2006) for proper recording and preservation of vital official records.

During the year, the Bank continued with the streamlining and digitisation of records.

Property Management and Security

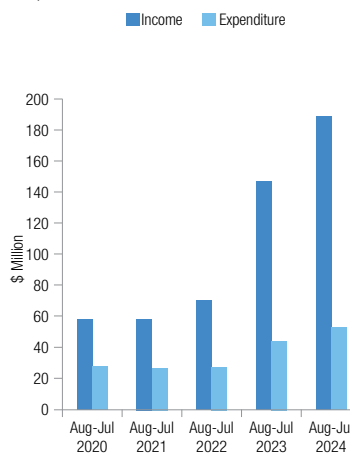
The Bank continued with building infrastructure projects to ensure compliance and safety of the building systems with the modification or replacement of services to enhance the building's operational efficiency.

Table 22: RBF Foreign and Domestic Income (\$M)

	Aug 2020-Jul 2021	Aug 2021-Jul 2022	Aug 2022-Jul 2023	Aug 2023-Jul 2024
Foreign Interest Income	19.6	19.9	97.9	141.4
Domestic Interest Income	30.1	39.6	43.0	42.8
Other Income	9.1	11.4	6.3	5.1
Total	58.8	70.9	147.2	189.3

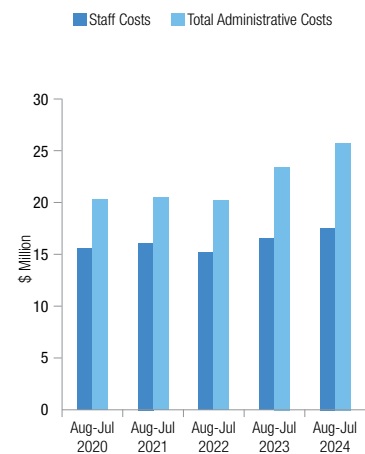
Source: Reserve Bank of Fiji

Figure 28: Total Income and Total Expenses



Source: Reserve Bank of Fiji

Figure 29: Operating Expenses by Type



Source: Reserve Bank of Fiji

The Bank ensured that the main RBF building, Domodomo House and the BRS were well maintained. Repairs, maintenance and modernisation programmes continued to ensure the efficient operation of all building systems. This was possible through contractual agreements with reputable vendors for fixed durations. The Bank has contracted consultants to carry out a comprehensive assessment of the entire RBF building services. The objective of the exercise is to modernise the building services with intelligent systems and reduce its energy consumption.

The safety and security of the RBF building, BRS and the Governor's residence were well maintained throughout the year without any security breaches.

Domestic Relations

Throughout the 2023-24 FY, the Reserve Bank continued to conduct economic presentations to inform and strengthen its relationship with stakeholders. The Governor and senior staff made presentations and submissions to the Fiscal Review

Committee and Parliamentary Standing Committees. Submissions on the Personal Property Security Act 2017 were made in May 2023 to the Standing Committee on Economic Affairs. The RBF Annual Report 2022-23 was tabled in Parliament on 24 November 2023.

Throughout the 2023-24 FY, the Reserve Bank aimed to keep the public well-informed about the economy by conducting regular presentations on the latest economic developments for government officials, businesses, industry groups, community organisations, and educational institutions. Additionally, the Bank provided information through its website, and social media platforms such as the NFIT and PPSR websites.

The Reserve Bank maintained its regular prudential consultations with supervised institutions in 2023-24 FY. It also engaged with industry stakeholders, including the Association of Banks in Fiji, the Finance Companies Association, the Insurance Association of Fiji,

and the Foreign Exchange Dealers Association.

The Reserve Bank undertook various industry visits around the country and made several presentations on the economy while it convened several industry meetings to discuss economic issues and provide economic updates to the business community.

International Relations

The Reserve Bank accorded high priority to nurturing its international relationships and actively participating in relevant global forums and initiatives.

Interactions with multinational institutions such as the IMF, World Bank Group, United National Capital Development Fund, AFI, InsurResilience Solutions Fund, and the ADB, continued throughout the year.

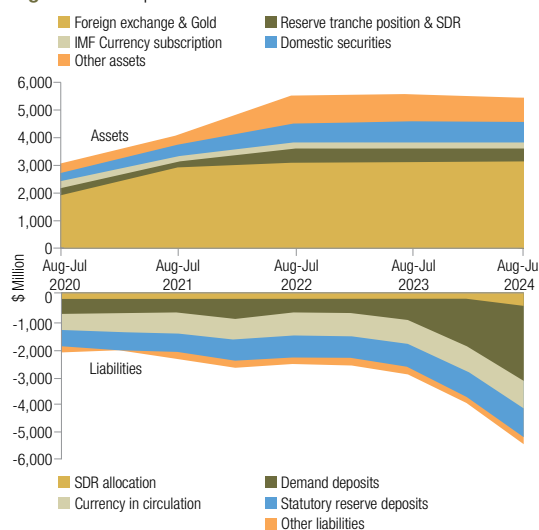
Furthermore, the Reserve Bank was represented at the Commonwealth Central Bank Governors' meeting in October 2023, the AFI Global Policy Forum in September 2023, and the

Table 23: RBF's Profit Payable to Government (\$M)

	Aug 2020-Jul 2021	Aug 2021-Jul 2022	Aug 2022-Jul 2023	Aug 2023-Jul 2024
Operating Profit	31.7	42.0	102.2	135.5
Less				
Transfer to General Reserves	1.0	1.0	1.0	1.0
Balance Paid to Government	30.7	41.0	101.3	134.5
One-fifth of RRA	2.2	3.4	2.1	1.7
Total Paid to Government	32.9	44.4	103.4	136.2

Source: Reserve Bank of Fiji

Figure 30: Composition of RBF's Balance Sheet



Source: Reserve Bank of Fiji

AFI Board of Directors Meeting in May 2024. In addition, an IMF Article IV Visit was conducted, hosted by RBF from 28 February to 12 March 2024.

The Bank's collaboration with Griffith University continued through research presentations at the 4th Annual Pacific Research Conference and Leaders' Forum which took place in

June in the Solomon Islands. The Bank was also involved with Monash University through the Asia-Pacific Applied Economics Association, which aimed to develop the research capabilities and capacity of researchers in the Asia-Pacific region, as well as, collaboration on the writing of research papers.

The review of the Insurance Act 1998 continued throughout the year. The primary goal is to modernise the regulatory framework for the insurance sector to ensure its relevance with evolving insurance market trends and align with the international standard-setting bodies.





MISSION

ENHANCE OPERATIONAL
EFFICIENCY THROUGH
INNOVATION AND RISK
MANAGEMENT

The Reserve Bank values and supports innovation and aspires for a culture that drives it to constantly explore new ideas and different approaches to meet its mandate while ensuring that risks are considered and mitigated.

Information Technology (IT)

The Bank continued to focus on core technology initiatives as change drivers to navigate a dynamic and challenging digitalised world. The underpinning of innovation with technology entailed leveraging tools in conjunction with Cloud services to accelerate key outcomes.

Over the course of the 2023-2024 FY, the IT unit made progress with several multi-year strategic initiatives, including the launch of the Swift Alliance Cloud solution following extensive planning and collaboration with business units and SWIFT. With this, the Bank was able to achieve a much lighter footprint, increased availability and a reduction in infrastructure complexity and costs.

The Bank successfully launched its e-Recruitment solution to simplify tedious manual tasks and to strengthen the hiring process via a user-friendly online platform. The solution has allowed our workforce to attract, evaluate and onboard quality candidates efficiently, reducing time and enhancing productivity.

Similarly, the Visitor and Contractor process was digitised to improve the safety, security and efficiency of guests visiting the Bank's premises. The Bank aims to save time through seamless check-in workflows and expedited visitor badge printing for guest identification. By leveraging this solution, the Bank continues to enhance seamless people movement within the premises with the aid of an activity dashboard.

Third-party partnerships also played a crucial role in helping the Bank stay ahead by having access to cutting-edge technology and expert guidance. The Bank also worked closely with its cybersecurity partners to promote the resilience of critical

systems from cyber risks. The guidance to consolidate technology policies is underway to further align to industry standards and guidelines ensuring that our cybersecurity controls remain resilient against emerging threats while safeguarding our data and infrastructure.

With the heightened cyber landscape, the Bank continued to enhance its capacity to manage cyber security risks. In 2023-2024, the Bank strengthened the process for verifying and authenticating system activity across its platforms. It also further strengthened its Multi-Factor Authentication (MFA) controls, credential management and approach to mitigating third-party cyber risk.

Continued simulation tests performed at the Bank's BRS with a highly resilient network infrastructure enables effective disaster preparedness and recovery. Part of the preparedness is the expansion of BRS disaster capabilities to include the NPS and remote access services. Cloud backup and recovery will also become an integral part of operational resilience in the near future.

The Board and the Governor's commitment to invest in people and technology have been the defining moments of yet another successful year. Recognising the dynamic nature of the technology landscape, the Bank invested in continuous training and development for its IT unit. Access to technology workshops, conferences, industry collaboration trainings and knowledge-sharing sessions were organised to keep the staff updated on the latest technological advancements, best practices and regulatory requirements. Further, the Bank continues to ensure that staff are provided with the

latest and relevant hardware and software technologies. However, the achievements of the past year did come with its set of challenges.

As organisations increasingly migrate operations to Cloud, a concerning trend has emerged: the concentration of power with a handful of service providers. While this consolidation has driven rapid advancements and efficiencies in Cloud technologies, it has also given rise to new risks and challenges.

The Bank must thoroughly examine these risks and devise a plan for utilising several suppliers for both production systems and backups to reduce the possibility of a single point of failure, using technology that promotes multi-cloud resiliency as well.

The Bank has commenced work on a strategy to guide digital transformation and innovation risk management in the next five years.

Risk Management

In all aspects of its operations, the Bank prioritises risk management. To combat identified risks, a comprehensive framework for risk management is being put into place, and the Bank is making efforts to stay ahead of issues as they arise. The management of risks that are closely related to the Bank's key mandates of preserving financial and macroeconomic stability is another important area.

The Bank continuously monitors new risks and takes action to mitigate them to ensure system stability and safeguard its core objectives. The country's financial position depends heavily on the management of its foreign reserves thus the Bank's investment strategies and related risk parameters are constantly evaluated

to keep them in line with the changing business environment.

Aside from these measures, the Bank also successfully handled risks related to liquidity, credit and markets in addition to operational risks like cybersecurity, IT, and people and culture.

Senior management bears the responsibility of regularly implementing and minimising risks that arise under their purview. The organisation is organised, with pertinent policies, processes, and systems in place for managing certain risks

Ongoing quality management initiatives and capacity building continued to be the focus of the Bank's development program. The HR Steering Committee with a dedicated focus on driving effectiveness in HR strategies and policies is key to strengthening human capital and workplace culture while the IT Steering Committee focuses on IT related matters to ensure that our systems remain relevant and promote overall efficiency.

The Bank's risk culture and overall risk management are further strengthened by the routine review of policies and procedures and awareness training for staff.

Throughout the 2023-24 FY, the Bank diligently continued its review of the Risk Management Framework, aiming to maintain alignment with the latest risk management practices and adapt to global and domestic developments. This included reviews of the Bank's policies on social media, incident management, assurance

and whistleblowing. In addition, the update of the Bank's risk registers continued.

Incident reporting is a key element of the Bank's Risk Management framework. A clear reporting structure has been put in place to quickly recognise and record issues, and ongoing oversight of this process guarantees efficient resolution. In addition, procedures and internal controls are reviewed as needed to reduce potential risks. These inputs also support the internal assurance process, in which the Risk team extensively examines certain Bank areas and procedures and shares its findings and recommendations. The implementation of these findings is subsequently tracked and the Board Audit & Risk Committee and the Risk and Business Continuity Management Committee receive quarterly reports on the implementation's status.

In the event of an emergency or calamity that may leave the main RBF facility inaccessible or the systems inoperable, the Bank's Business Resumption Site (BRS) acts as the backup site for these vital activities. This site is used to test critical features such as foreign reserves management, settlements, and some domestic market procedures including FIJICLEAR, RTGS and CSD activities.

To adhere to best practices, it is essential to regularly test Business Continuity Planning (BCP) procedures to ensure their effectiveness in emergency situations.

In addition, drills for emergency evacuation are held to raise staff and RBF building tenants' understanding

of the correct emergency procedures to follow in case of an emergency.

The second line of defence for the Bank in terms of risk management is the Risk Management and Communications Group (RMCG). In particular, the Middle Office functions separately from the Front and Back Offices regarding managing foreign reserves. Its main duty is to keep an eye on and report on any breaches related to the Bank's reserve management activities. The Investment Committee meets regularly to examine compliance and performance reports, which are prepared by the Middle Office and these reports are then submitted to the Board.

A vital role of RMCG is the safeguarding of the Bank's interests from legal risks. In ensuring mitigation against these risks, the Group provides legal advice on matters under consideration, reviews Bank contracts, drafts legal documents and handles litigation matters when required. The Group also compiles the Bank's feedback and responses to new and reviewed legislation including submissions to the relevant Parliamentary Standing Committees. RMCG also ensures that the Bank is following its statutory obligations as well as keeping track of important changes in the legal landscape that may affect the Bank and its staff directly. The Bank continues to strengthen the Anti-Corruption Framework, which was collaboratively developed with the Fiji Independent Commission Against Corruption (FICAC) in 2018.

Furthermore, the Group also actively participated in FICAC's Anti-bribery

workshop, which is held annually at the Bank, demonstrating its commitment to anti-corruption combating unethical practices in the public sector. Notably, there were three no active pending civil litigations against the Bank which was included as a nominal or intended Defendant during the year. The Bank also assisted law enforcement agencies when required to provide evidence in various litigation cases.

As the Bank's third line of defence, Internal Audit remained dedicated to offering unbiased evaluations to

guarantee efficient risk management. The Bank has outsourced the function to handle internal audits to improve their effectiveness and neutrality. Additionally, the Internal Assurance role supports internal audit by providing management with additional assurance regarding the efficacy of current procedures. The Bank is reaffirming its commitment to strong risk management procedures with this multi-layered strategy.

RMCG monitors and reports to the BARC on areas for expansion that are indicated by both internal and external

audits. These areas are handled as needed. The Board, the BGC, the BARC and the Risk and Business Continuity Management Committee are all involved in the Bank's ongoing efforts to improve. The Bank's risk management function is actively reviewed and strengthened by these Committees. Through the involvement of these crucial parties, the Bank guarantees a thorough and reliable approach to risk management.



MISSION

DEVELOP, EMPOWER AND RETAIN A PROFESSIONAL TEAM

Human resources (HR) represent the Bank's greatest asset in the delivery of its corporate goals. The primary objective of HR management is to attract, develop, retain and motivate staff to deliver the Vision of Leading Fiji to Economic Success.

Staffing

As at 31 July 2024, the Reserve Bank staff complement was 208 (Table 24). During the review period, twenty-seven staff members left the Bank, of which nine migrated, twelve resigned, one proceeded on study leave without pay, four retired and one proceeded on secondment. At the end of the FY, the Bank recruited twenty-eight staff.

Management Remuneration as at 31 July 2024

Remuneration for the Governor is set and approved by the Constitutional Offices Commission. For the Executive Management and Managers, review and approval of the remuneration package is vested with the BGC. The Executive Management and other management staff are employed on an individual contract basis and are remunerated in line with the market.³⁵ The last market adjustments were made in August 2023.

Staff Development

The Training and Development Policy and Staff Training Needs Analysis

(TNA) support a continuous learning culture in the Bank through on-the-job training, job rotations, full-time study leave with/without pay, part-time studies, correspondence and short courses at both, local and overseas institutions.

Accordingly, the Bank continued to organise induction, mentoring programmes and on-the-job trainings for the staff. Management is required to prepare a TNA for each member of the staff, which is updated annually. The Bank continued to sponsor staff for further academic qualifications through full-time, part-time, correspondence, short courses and seminars at local and overseas institutions.

At the end of the 2023-24 FY, two staff members were on secondment. They are seconded to the IMF Resident Representative Office in Suva, Fiji Islands, and the IMF Office in Washington, America, respectively.

In the 2023-24 FY, four staff members are currently on full-time study leave

overseas, and three are on study leave without pay.

During the 2023-24 FY, various staff participated in a total of 19 trainings/conventions provided locally. This included in-house compliance trainings such as OHS Modules, LMCC, First Aid Training & Fire Warden, Valuation & Financial Statement Analysis and the 8-Question Method on Policy Development Workshop organised by the Financial Systems Development Group.

Further, a total of 69 overseas trainings/conferences were attended by Bank staff.

Employment Relations

The Bank continues to maintain a cordial relationship with the Fiji Bank and Finance Sector Employees Union and continues to engage with the Union on Log of Claims matters.

The Bank paid bonuses to all eligible staff in July 2024, following the completion of the formal appraisal processes.

Table 23: RBF Staff Statistics (as at 31 July 2024)

	Aug21-Jul22	Aug 22-Jul23	Aug 23-Jul24
Total Staff	196	207	208
Average Years of Service	11.6	11.2	10.6
Annual Staff Turnover (%)	9.7	8.4	13.0

Source: Reserve Bank of Fiji

Table 24: Management Remuneration as at 31 July 2024

Total Cash Remuneration	Staff Numbers
i. \$391,600	1
ii. \$311,936	1
iii. \$213,990	5
iv. \$73,413 - \$121,967	27
(i) - (iii) Executive Management. (iv) Other Management staff.	

Source: Reserve Bank of Fiji

³⁵ As determined by the annual PwC Banking and Finance Sector Market Survey.

Labour Management Consultative Cooperation

The Employment Relations Promulgation No. 36 of 2007 section 9(3) requires the Bank to establish a Labour Management Consultation and Cooperation Committee as a forum for meaningful consultation, cooperation and exchange of workplace information to promote good faith employment relations and improve productivity. The Committee comprises seven management and seven staff representatives and met three times in the 2023-24 FY.

National Employment Centre

The Bank has an agreement with the National Employment Centre (NEC) in compliance with the NEC Decree. Under this agreement, the Bank is required to provide workplace attachments to at least 11 unemployed persons registered with the NEC. The Bank actively seeks to comply with the NEC requirements.

Internship

Under the Bank's Internship policy which aims to provide students with an opportunity to provide exposure

to selected candidates and obtain practical work experience, the Bank continued to engage interns.

Holiday Workers

The Bank continues to engage students during their break as per the Holiday Worker scheme which was introduced in December 2020.

Health & Safety in the Workplace

The Bank is committed to providing and maintaining a safe and healthy working environment for its employees and visitors.

The Bank's Occupational Health & Safety (OHS) Committee met three (3) times in the FY 2023-24.

The Bank continued to provide OHS related trainings and monitored OHS issues regularly to ensure a safe and healthy work environment.

Service Recognition

The Governor's Service Recognition and Long Service Loyalty Award recognises dedicated, long and meritorious service to the Bank. In the 2023-24 FY, twelve staff members

achieved 15 years of service, seven staff achieved 20 years of service, three staff achieved 25 years of service, and one staff achieved 35 years of service.

Other awards recognising staff performance were also made by the Governor and Chief Managers during the year.

25 years

Ms Joanne Sakaraia
Mr Poasa Vasukicakau
Ms Vilimaina Dakai

35 years

Ms Rigamoto Motufaga

Box Item 4

The Reserve Bank of Fiji - Celebrating 50 Years of Central Banking

The 50 Years of Central Banking celebrations for the RBF officially concluded on July 31, 2024. This year-long event marked a pivotal milestone for the central bank providing an opportunity to reflect on the central bank's journey and achievements.

The RBF's fifty-year journey allowed the Bank to reinforce its legacy and celebrate this significant milestone. By commemorating 50 years of central banking, the Bank highlighted its history, values and accomplishments while at the same time took the opportunity to strengthen community ties.

Throughout the anniversary celebrations, the Bank aimed to inspire innovation and envision a hopeful future. To achieve this, a variety of activities were organised to strengthen connections with staff, former employees, stakeholders and the community.

Notable events included a staff launch at the Bank, where the 50 Years of Central Banking logo was unveiled alongside a time capsule buried in 1983, when the RBF opened its new building, still its home today. This time capsule containing documents and mementos from the era, provided staff with insights into the Bank's origins and evolution.

To promote health and wellness, staff participated in the Namosi Marathon in July 2023, alongside other community-oriented events throughout the year. These activities encouraged active participation and engagement within the community as part of the anniversary celebrations.

A key highlight of the celebration was acknowledging the contributions of former staff who have been part of the Bank's journey over the past 50 years. In October 2023, a reminiscing event was held at the Bank, where long-serving former staff shared their experiences and were recognised for their dedication to the RBF.

Strengthening community relations was also a major focus of the celebrations. The Bank made several donations to charitable and community groups, including the International Women's Association to assist in the purchase of an Echo machine at the Colonial War Memorial Hospital Children's Ward, and support for the Fiji Development Bank's National Small and Medium Enterprise Awards.

As the celebrations concluded, the Bank sought to continue the momentum of supporting the community and made donations to various organisations who serve the vulnerable members of the community as part of the closing celebrations held in August 2024. These contributions aimed to provide essential resources and support to individuals and communities in need, enhancing their quality of life.

In July 2024, as part of the closing function at the Bank, a new time capsule was placed for future generations. This capsule included items that reflect both the past and future vision of the Bank, serving as a milestone for future generations.

As the RBF concluded its 50 Years of Central Banking celebrations, this milestone not only honoured its past but also set the stage for a future filled with a continued commitment to innovation, community support and excellence.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) AT THE RESERVE BANK OF FIJI

Environmental, social, and governance (ESG) is a framework to assess an organisation's business practices and performance on various sustainability and ethical issues. It also provides a way to measure business risks and opportunities in these areas.

The role of an ESG framework is to ensure accountability and the implementation of systems and processes to manage an institution's impact, such as its carbon footprint and how it treats employees, suppliers, and other stakeholders. ESG initiatives also contribute to broader business sustainability efforts to position companies for long-term success based on responsible corporate management and business strategies.

Environmental

Environmental factors involve consideration of RBF's overall impact on the environment, the potential risks and opportunities it faces because of environmental issues, such as climate change, and the measures in place to help financial institutions, businesses, and the general public protect natural resources through its policies and financing facilities.

The RBF recognises that Fiji, as a small island developing state, is vulnerable to climate change and its large macroeconomic implications. Therefore, over recent years, the RBF has increased its research efforts, understanding and creating awareness of how climate change affects its functions, responsibilities, and monetary and financial stability

objectives. As a central bank, RBF recognises that climate change can affect our twin objectives and raise financial stability concerns.

Our efforts as a central bank are mostly in the nascent stages, although ongoing efforts and interest on the topic continue to make steady progress.

Financial Policies

Supporting the development of green financial securities and renewable energy projects:

In 2017, the RBF collaborated with the MoF and International Financial Corporation (IFC) to issue a FJ\$100 million Fiji Sovereign Green Bond (FSGB), a first for emerging market economies. Bond proceeds were directed towards financing environmentally sustainable, and climate change-related projects administered by the Fijian Government.

In 2022, collaboration between the RBF, Government and development partners led to the development of the Fiji Sustainable Bond Framework, which laid the foundation for the issue of Fiji's first \$20 million Sovereign Blue Bond (FSBB) in 2023. The bond issue aligns with Fiji's commitment to promoting sustainable finance practices and commitment to long-term ocean management, economic resilience, and the enhancement of private sector participation in sustainable development.

The RBF also provides concessional funding to businesses through its ISEFF to promote export growth,

import substitution, and renewable energy projects. Of the total ISEFF loans approved to date, around 14.4 percent were lent to renewable and energy-efficiency businesses.

On investments, the RBF has demonstrated its strong commitment to climate change initiatives through its increased holdings of ESG bonds, which now account for 17.6 percent of total investible reserves. In line with initiatives by other central banks, the Bank is committed to considering ESG parameters in its Reserves Management Framework. The RBF also promotes licensed financial institutions to roll out certain products, such as parametric insurance.

Transparency of Climate Risks and Under-pricing:

The Financial Institution Group (FIG) facilitated ADB's technical assistance mission on "Climate Action in the Financial Sector" in April. The Group also facilitated two awareness sessions (in October 2022 and April 2023) on the Climate Change Act 2021 with the financial sector supervised entities. Preliminary plans consider integrating climate-related financial risks into the RBF Supervision Framework, including the disclosure requirements under the Climate Change Act 2021.

Fiji's Sustainable Finance

Roadmap: With support from the IFC and Sustainable Banking and Finance Network (SBFN), the RBF jointly organised the first Sustainable Finance Workshop in 2017, gathering diverse stakeholders to discuss sustainable finance and subsequently

begin work on a Draft Sustainable Finance Roadmap. In partnership with NDC³⁶ Partnership, the Bank will review this draft roadmap and align the report with recent developments in the market, such as the transition towards Inclusive Green Finance and the adoption of the Climate Change Act.

Promoting Inclusive Green

Finance: The Financial System Development Group (FSDG) is leading the Bank's partnership with the IFC to develop a green taxonomy and an ESG framework for the LFIs. The project includes capacity building for regulators and LFIs on developing ESRM Guidelines, as well as drafting and finalising the Green Taxonomy and its implementation. The guidelines will clearly define green assets and are expected to facilitate more environmentally friendly investments in Fiji.

In the industry, the FDB made history as the first development bank in the South Pacific to become an accredited Direct (National) Access Entity by the Green Climate Fund (GCF). In 2018, Fiji co-hosted an International Conference on Financial Inclusion and Climate Change and established the Nadi Action Agenda on Green Financial Inclusion, emphasising priorities in climate resilience, adaptation, and mitigation.

Fiji's first Parametric Insurance

Product: In partnership with the UNCDF, Government and financial sector players, the first Parametric Insurance Scheme was launched on 25 August 2021, at the height of Fiji's second round of COVID-19, aimed at

helping vulnerable Fijian communities recover from the impact of cyclone. The product was a first of its kind for Fiji and the Pacific region and the first product to be piloted in RBF's FinTech Regulatory Sandbox. A weather index-based insurance that provides quick pay-outs based on specific weather parameters, this product utilised supporting technologies, including a remote weather modelling and pay-out calculating agency, a digital onboarding platform designed to help agriculture cooperatives sign up members and seamless integration across key parties involved to ensure pay-outs are made on a timely basis to bank accounts and mobile wallets.

In 2021, the scheme covered 1,388 target beneficiaries, including sugarcane, rice, and copra farmers, fishermen, and market vendors. To date, insurers have paid over FJ\$300,000 in total payouts to over 1,000 beneficiaries.

Fiji Affordable Housing Seminar

Series: In recognising the gap to access finance for sustainability efforts in critical sectors and the need to explore and introduce new products to drive capital towards green applications, the FSD and the IFC co-hosted a three-part Affordable Housing Development Seminar Series in 2021. The seminar focused on various topics relating to developing affordable and sustainable housing finance in Fiji, highlighting the role that green and resilient buildings can play in climate-related projects as both an adaptation and mitigation tool. Topics also included the use of climate-smart solutions and innovative tools such as

EDGE and Building Resilience Index.

Supervision Policies

Incorporating ESG Analytics

into Supervision Policies: From a financial system supervisor's perspective, micro and macro-level prudential supervision is also needed, whereby supervisors will need to understand the size and likelihood of financial, market, credit and operational risks relating to climate change and its impact on the financial institutions' solvency, and subsequently develop prudential regulations for capital adequacy.

Furthermore, financial institutions interact with the environment in a number of ways, that is: (a) as investors, by supplying the investment needed to achieve sustainable development; (b) as innovators in developing new financial products to encourage sustainable development; (c) as polluters they consume considerable amounts of resources; and (d) as victims of climate change. Consequently, the Bank has embedded ESG aspects in its deliverables and as contributions to the overall objective and has written two policy papers.

Several conferences, trainings and webinars were attended by the Bank's supervision team with regional institutions for capacity building with ongoing research and discussions on embedding climate risk in the supervision of financial institutions.

Monetary Policy

Integrating Climate Risk Analytics into Macroeconomic Analysis:

To understand the extent of climate

³⁶ Nationally Determined Contributions.

change and natural disasters on the macro economy, the RBF accounts for climate risk in its inflation, foreign reserves and GDP forecasts. The Bank also regularly updates the debt sustainability framework, which also accounts for climate change risks to government finances.

Credit Allocation Policies: In February 2012, the RBF introduced the Renewable Energy Loans Ratios (RELR) for commercial banks to enhance the growth of these sectors. The RELR is currently set at 2.0 percent of commercial banks' deposits and similar liabilities, unchanged since its inception. By doing so, the RBF aims to encourage licensed finance institutions to prioritise lending to these sectors, which are crucial for sustainable economic development in Fiji. The policy will be reviewed and there is potential to improve the intentionality, focus, and effectiveness of this policy and align it with ESG.

Unconventional Monetary Policy (UMP) - Liquidity Provisions: The RBF has supported climate change mitigation initiatives through ISEFF. The Bank has also rolled out special lending facilities on different occasions to assist businesses affected by climate change-related natural disasters such as severe floods and cyclones, which have helped boost system liquidity by extending targeted credit lines.

Operational Initiatives

Acknowledging the Issue: The Bank has always acknowledged climate change, the risk it poses to economic growth, and the RBF's objectives in

its publications and presentations. RBF understands that climate change can place pressure on our demand for food and related prices, which will affect our twin objectives of ensuring stable prices and an adequate level of foreign reserves.

Training and Education: Staff from various Groups have been attending courses and training to enhance their understanding of climate-related considerations on monetary and fiscal policy, such as the Macroeconomics of Climate Change (IMF Training Institute Singapore), Climate in Macroeconomic Frameworks (IMF Training Institute Washington), Webinars on Green Taxonomies from IFC. In addition, staff have also attended trainings provided by accounting bodies on local and international financial reporting.

ICT Initiatives: Digital transformation and technology are important areas in promoting the development of ESG at the Bank. More fundamentally, digital transformation reduces negative environmental impacts like natural resource consumption, pollution and waste. One of the most tangible examples of digitalisation having a positive impact on the environment while also providing major business performance benefits is a paperless office. At the Bank, using technology to enhance paperless processes and forms has greatly reduced costs and improved efficiency in information collection, decision support and operation management, enhancing data security and storage. Some notable examples include Exchange Control Applications, Central Securities Depositories, Online

Offshore Insurance Applications, Memorandums, and Digital Signatures.

Additionally, in its efforts to pursue a paperless strategy, the RBF has reduced the number of papers printed for its meetings and is using the in-house developed Board portal and Executive Management portal to distribute meeting papers.

Efficient Disposal of Paper: Since 2023, the Bank has disposed most of its paper through a pulping process by engaging with a local paper recycler that converts wastepaper to reusable paper products.

Building & Infrastructure: The Bank considers climate-related risks when undertaking Building Infrastructure projects and invests in environmentally friendly products. In particular, the Bank has conducted a number of initiatives over the last 5-10 years to replace old equipment with intelligence-driven and energy-efficient equipment. Some of the initiatives include the following:

- Cooling towers for the Heating, Ventilation and Air Conditioning systems were replaced with the Variable Frequency Drive system, which regulates energy consumption of the air conditioning units according to the cooling demand throughout the building.
- Office space lights were changed from fluorescent tubes to LED tubes.
- Air handling units were removed and replaced with Variable Refrigerant Valve technology,

which allows the system to operate independently to support the air conditioning required for after-hours function. This technology uses the minimum amount of energy to maintain a set temperature.

- Ultraviolet sun ray filter films were inserted on all glass panels to reduce sunlight penetration, thus reducing the heat generated inside the office space.

The Bank is currently in the initial stages of a comprehensive review of the building services of its main premises, and climate change considerations

Participation in Earth Hour: The Bank continues to participate in Earth Hour by turning off nonessential lights and electrical appliances for one hour to raise awareness of the climate change crisis and the ongoing efforts to protect our Earth.

Social

Social factors address how RBF treats different groups of people, i.e. its employees, suppliers, customers, community members and stakeholders, Government and financial institutions.

Financial Policies

Policy for the Protection and Fair Treatment of Financial Consumers:

Approved by the RBF Board in February 2024, the Financial Sector Development Policy Statement (FSDPS) 3 sets the minimum requirements for financial services providers (FSPs) on standards of fair practice in the delivery of their

services and product offerings so that consumers can make informed financial decisions. Effective April 2024, a 12-month implementation period is allowed for FSPs to progressively adopt the policy and its guidelines. The FSDPS 3 is the first policy of its kind to be implemented in the region.

Policy Minimum Requirements for the Provision of Disaggregated

Data: Approved in 2019, the FSDPS 1 requires FSPs to submit annual data disaggregated by sex, age and location. Analysis of disaggregated data provides the RBF with valuable insights and a deeper understanding of the financial needs of the targeted segment of the population and the formulation of initiatives to address these needs. The data also helps FSPs understand the unique requirements of female and aged customers, which should lead to tailored financial products and services.

National Financial Inclusion

Strategy (NFIS) 2022-2030: The NFIS is the third financial inclusion strategy for Fiji focused on enhancing the inclusion of underserved segments of the population, particularly women, youths, rural communities, MSMEs and People Living with Disabilities (PWDs). The NFIS targets four key areas – Inclusive Finance, Digital Financial Services, MSME Finance and Consumer Protection and Financial Capability. Under these four pillars, the RBF engaged with various stakeholders in the FY, including financial institutions, development partners, and NGOs,

to formulate and implement initiatives to improve access to appropriate and affordable financial products and services for underserved people.

Operational Initiatives

RBF as an Employer: The RBF is an equal opportunity employer which pays a fair and equal salary that is benchmarked to the market in Fiji. Gender diversity is promoted and current staff composition is 54 percent male and 46 percent female staff. Succession planning, career development, and capacity building training for staff, both local and overseas, as well as in-house sessions and on-the-job training continue. A Training Needs Analysis (TNAs) assessment is done annually or when there is a change in the roles and responsibilities of staff. Appropriate training is then determined for each member of staff. Staff can learn about all Bank policies online through Moodle, the Bank's online learning platform.

For the safety and benefit of staff, we have internal Committees with reps from Management and staff where issues of mutual interest are discussed, such as the OHS Committee and Labour Management Consultation Committee, with quarterly meetings and action items followed up and reported to the Executive Management.

The Bank has flexibility for staff to Work from Home (WFH). As an employer, the Bank also considers staff needs and allows flexi time. All Groups have Quality Improvement Circles (QIC) and a Social Club, apart

from the Bank's Sports and Social Club. Through the monthly QIC meetings, all Groups aim to facilitate an open dialogue environment for staff issues, allowing Group decisions to be appropriately consulted and raising staff-related issues beyond work. Apart from work process improvement, various other well-being issues are discussed. The social clubs organise team building and bonding activities, cross functional meetings and presentations, and reviews processes for continuous improvements. Bank staff have a health and wellness program run by the HR Team. Every now and then, the Bank invites motivational speakers and presentations by other institutions to benefit staff, such as insurance, health checks and the FNPF).

Staff induction and Board orientation are scheduled to onboard all new staff and Board Directors. These sessions are led by the Governor and Chief Managers. As part of Board Members' continuous learning programme, Chief Managers present on technical and specialised areas of their respective Groups. Board Members also attend certain specialised training courses, such as those organised by the Australian

Institute of Company Directors (AICD) or by other central banks. or Conferences.

Responsible Supply Chain

Partnership: The Bank makes an effort to engage with vendors and suppliers that share like-minded goals and objectives around climate change such as vendors which drive innovative products made from sustainable material and are energy efficient.

Sponsorship and Charity: The Bank continues to sponsor institutions in Fiji for their annual award functions - South Pacific Stock Exchange, FDB, Investment Fiji and the University of the South Pacific, Griffith University and Monash University, to name a few and donates to Board-approved charitable organisations across the country. The following charitable organisations received contributions of \$1,500.00 each from the Bank in December 2023:

- Suva Special Education School
- Fiji Crippled Children's Society
- St. Christopher's Home
- Dilkusha Orphanage
- Fiji Disabled People's Federation
- Fiji Society for the Blind
- Father Law Home

- Homes of Hope
- Foundation for the Education of Needy Children (Fiji) – FENC Fiji
- Fiji Association of the Deaf

As part of RBF's 50th Anniversary Celebrations, RBF donated \$20,000 to the International Women's Association towards procuring an ECHO machine for rheumatic heart disease patients at the CWM Hospital. For the first time, the Bank sponsored SPCA's 1000 Paws Event and contributed \$1,000. Another \$1,000 was given towards the Frank Hilton Amazing Wheelbarrow Race.

At the closing of the 50th anniversary celebrations in July 2024, the Bank donated \$5,000 each to needy institutions.

To further assist as part of the Bank's broader commitment to fostering inclusive growth and bridging the digital divide across all sectors of society, the Bank donates new printers and refurbished desktop personal computers (PCs) to schools and NGO community centres across Fiji. The IT's Refresher Policy and Asset Disposal covers the disposal of these PCs. In total, the Bank has donated four printers and 25 PCs to schools and NGO community centres

University of Fiji for Water Project in Lami	Rotary Club Suva	St John Ambulance	Suva Special Education School	St. Christopher's Home	Dilkusha Orphanage	Fiji Disabled People's Federation
Fiji Society for the Blind	Father Law Home	Homes of Hope	Viti Spinal Injuries Association	Foundation for the Education of Needy Children (Fiji) – FENC Fiji	Fiji Association of the Deaf	Pearly Gates Home
Being Helping Hand Fiji	Greater Good Foundation	WOWs Fiji	Hilton Organisation	Lupus Foundation Fiji	Ark of Hope Homeless Shelter	New Vision Fiji

such as the Naqalimare School in Sigatoka, Suva Christian Community School, the Koroipita Model Town Community Hall in Lautoka and the Navuso Agricultural Technical Institution.

As part of the RBF's continuous efforts to financially empower the community the Bank conducted financial literacy training and awareness to various communities across Fiji. From June 2023 to July 2024, a total of 13 financial literacy trainings and awareness sessions were held in rural and urban communities spanning across the two main islands of Viti Levu and Vanua Levu. A total of 414 participants attended the trainings which was largely attended by females at 58 percent, compared to males at 42 percent.

Individual Groups consistently engage in charity projects, and year-round charity collections have funded various projects over the years. Some of the donations were school bags and stationery, financial contributions and groceries for other needy families.

Social and Monetary

Considerations in Policy Advice:

Besides our core objectives of maintaining stable inflation and adequate foreign reserves, the Bank also prioritises societal concerns that affect economic growth and prosperity. We regularly provide the Fijian Competition & Consumer Commission (FCCC) with submissions on the review of prices of various consumer goods and services that impact ordinary citizens' livelihoods.

RBF also provides fiscal policy advice to the Government and reviews national and trade policies as and when requested. Quarterly reports are provided to Parliament and presentations are made to Cabinet and Parliamentary Standing Committees, as and when requested. Apart from this, Governors and Bank staff are members of various Government or regional bodies' Committees and Taskforce.

Industry Visits, Meetings & Business Surveys:

Through consistent engagement with stakeholders, the Bank gains valuable insights into their perspectives and challenges. The Bank runs Business Expectations and Retail Sales Surveys on a regular basis. This empowers us to provide more informed and impactful policy advice and economic projections, driving positive change and progress for all.

In its efforts to build relationships across a broad spectrum of the community and gain first-hand insight into developments across the country and issues affecting the business community, the Bank continued to devote resources to industry visits and meetings with individual businesses as well as business groups and associations. The Governor attended these meetings and accompanied Bank officials on the onsite visits. During the year, there was a total of 19 in-house meetings, and 9 meetings and visits outside the Bank.

Information to General Public: The Bank releases monthly Economic Reviews, press releases, newspaper

articles and hosts seminar series to create awareness and educate the public. We have an official website, Facebook, Instagram and LinkedIn page, which is user friendly and contains all relevant information. In line with technological advancement, the Bank has developed the E-service portal in-house. There is a dedicated info@rbf.gov.fj email, which the public can use when seeking clarification or asking for more information.

The RBF upheld its collaboration with the Fiji Broadcasting Corporation, culminating in the successful conclusion of Season 6 and ongoing recordings of Season 7 with 5 episodes being aired and 8 more remaining of the 'Noda i Lavo' TV program. This financial inclusion segment, conducted by the Reserve Bank in i-Taukei language, co-sponsored by the UNCDF. Throughout the season, key relevant stakeholders engaged in discussions and awareness-building around affordable financial products and services. Over the past six years, the program has produced a total of 78 episodes, featuring a diverse range of guests and expertise. The program continues to receive overwhelming positive feedback, catalysing subsequent community-level financial literacy presentations and seminars. To amplify its outreach, the audio versions of 'Noda i Lavo' episodes were broadcasted on FBC Radio Fiji One station, serving the needs of residents in rural and maritime areas.

One of the key aspects of financial inclusion is the expansion of social media awareness using social media influencers to reach a wider audience.

So far influencers have leveraged their platforms to promote key financial inclusion messages in partnership with the RBF and UNCDF.

The RBF facilitated 22 school visits as part of school's educational excursions, which not only enriches student's practical learning but also enables us to enhance awareness about RBF's role within the community. These engagements with schools provide a valuable opportunity to connect with our prospective leaders and raise awareness about the pivotal role of Fiji's central bank. Additionally, RBF staff participated in the USP Open Day Career and Internship Fair 2023.

Engagements: The Bank conducts engagement surveys with external stakeholders and internally to gauge how the Bank is performing and how it can improve its service delivery. Media workshops are also conducted with media personnel to educate and upskill them on central banking issues.

Governance

Governance factors examine how RBF polices itself, focusing on internal controls and practices to maintain compliance with regulations, industry best practices and corporate policies.

Financial Policies

The need to mainstream gender in the financial sector is a priority for the Reserve Bank. In 2017, the Bank urged for capital markets to have 20 percent Board Members as females to promote gender diversity at board level to align with the objectives of the National Gender Policy for Fiji and

the Sustainable Development Goal 5. At this stage, 50 percent of the RBF Board Directors are female, i.e. 3 females and 3 male Directors.

Operational Initiatives

Independence: The RBF has statutory independence from Government. This implies that the Bank has operational autonomy to achieve its twin objectives. The RBF Board provides an oversight to the Bank. This function is supported by independent external and internal audits.

Governance and Accountability:

To ensure trust and confidence in its day-to-day operations, the Bank has an accountability structure that assists the Board in its oversight function. The Bank publishes a range of accountability documents, such as annual reports and monthly financials which are gazetted. Operational reports of various Groups, audit reports, internal assurance reports and expenditure reports are submitted to the Board Governance Committee (BGC) on a quarterly basis for scrutiny. The expenditure report entails details on official travels for the Governor and Members of Executive Management. The BGC also scrutinises the leave record for the Governor and Members of Executive Management.

The Bank's Legal Unit independently assesses the Bank's compliance with and adherence to the Fraud Policy with quarterly Fraud Declarations. On an annual basis, staff and Board Directors complete the Compliance and Conflict of Interest Declaration forms, and this is reported to the

BGC.

The Bank has been meeting its statutory requirements of submitting the Annual Insurance and RBF Annual Reports to the Minister on a timely basis and a press release is issued subsequently, publishing the amounts.

On a micro level, all Groups have internal control practices, and outputs undergo a rigorous checking process. A multi-layered review process is employed whereby outputs have a leading player, a checker (individual or unit level), review by other unit managers and lastly to the Chief Manager for comments and feedback. Depending on the information or decision required, this then is forwarded to the Governor for final approval. This practice ensures the minimisation of errors and the delivery of quality outputs by the team that meet the expectations of our Board and stakeholders.

Policies and Procedures: The RBF has internal policy documents that guide the Management and Bank staff. The Board Audit and Risk Committee (BARC) monitors reviews of Bank policies. At the end of each year, the Risk Management Unit prepares a status update report. The key ones are listed below:

- **Corporate Governance Charter:** The RBF's Corporate Governance Charter sets out the responsibilities of the Board and its members. The Board has overall responsibility for our strategic direction, functions and operations, and is ultimately

accountable for the delivery of our outcomes.

- **Confidentiality:** Secrecy is signed by all Bank staff and Board Members, including the internal and external auditors.
- **Conflict of Interest Policy:** We have policies and practices to avoid or manage conflicts of interest among all personnel, including the Governor and Board members. The policies state that Staff and Board Directors must identify and declare their personal interests that may conflict or be seen to conflict with their duties to the Reserve Bank and continue to do this on an ongoing basis. During recruitment and procurement and tender processes, any conflict of interest is declared prior to all meetings, minuted and noted in the Register. A quarterly report on all conflicts of interest declared is provided to the BGC. For Board meetings, if there is any conflict of interest declared,

that particular Board Member is excused from the meeting. The RBF has other internal policies on Fraud Prevention, Whistleblower, Disposal of Assets and Donations, Tenders Manual, Procurement Policy and General Administration and Services Policies.

- **Delegation of Authority (DOA):** The Board has vested powers to the Governor who as per the RBF Act shall serve as the Chief Executive Officer and be responsible to the Board for the execution of the Bank's policy and the management of the Bank. The DOA spells out the authority and powers to the Governor, Deputy Governor, Management team and staff of the Bank, including external parties such as banks and foreign exchange dealers who have been assigned the 'delegated limits.'
- **Financial Disclosure:** Apart from policy disclosures, since the 2009 RBF Annual Report, RBF discloses salaries of the

Management Team. These salaries are reviewed based on the annual PwC market survey and are approved by the BGC.

- **Annual Evaluation:** Since 2012, annual evaluations are conducted for the Board, Board Committees and internal and external auditors, with a view for continuous improvement. Results are discussed at the subsequent BARC and BGC meetings.
- **Dedicated Complaints Portal:** The Bank has a dedicated Complaints Portal on its official website for complaints against the financial institutions we supervise. Complaints lodged are escalated to the respective Group(s) and Governor, depending on the nature of complaint.



SELECTED EVENTS

AUGUST 2023 TO JULY 2024

12-15 SEP AFI Global Policy Forum, Manila, Philippines	03-09 OCT Governor attended the Expert Mission on Green PFM to the Pacific	09-15 OCT Governor with Acting Chief Manager Economics attended 2023 Annual Meetings of the IMF and the World Bank Group
01 NOV Fiji Sovereign Blue Bond Launch Event	23-25 NOV TOPEX Conference 2023	27 NOV Go Live of the NPS - Phase 2: Automated Clearing House
29 NOV - 01 DEC Governor, Manager Exchange Control and Manager Financial Institution Supervision 3 attended the 38th South Pacific Central Bank Governors' Meeting in Honiara, Solomon Islands	02-08 DEC IMF 2023 Staff Visit	11 DEC AFI Delegation Visit to Fiji
28 SEP - 13 MAR IMF 2024 Article IV Consultation Mission to Fiji	04-07 MAR AFI 27th Consumer Empowerment and Market Conduct (CEMC) and 10th Inclusive Green Finance (IGF) Working Group Meetings, Sheraton, Nadi	04-08 MAR Industry West Visit
20 MAR Governor, Deputy Governor and Manager Financial Inclusion & Market Conduct attended the Green Finance in the Pacific Regional Program Support to Central Banks	21 MAR Governor addressed the Pacific Workshop on Parametric Insurance Technical Training	02-05 MAY Governor and Acting Manager Domestic Conditions, Revoni Navutu, attended the 57th Annual Meeting of the Board Governors of the Asian Development Bank, Tbilisi, Georgia
14-17 MAY Hybrid Meeting – Governor, Chief Manager Financial Institutions and Manger Financial Institution Supervision 4 attended the Dialogue for Pacific Finance for Growth Technical Mission	22-23 MAY Governor attended the PFTAC Steering Committee Meeting, Nukualofa, Tonga	03-06 JUN Pacific Islands Regional Initiative Meeting
08-10 JUL Governor attended the Pacific Banking Forum in Brisbane, Australia	31 JUL Governor attended the Prime Minister's International Business Awards 2024 Launch	

THE YEAR AHEAD

The Reserve Bank will deliver on its strategic priorities as outlined in the 2024-2029 Strategic Plan to ensure that the Bank is a Progressive and Resilient Central Bank, trusted by its people.

Strategic Direction

The Bank's new Strategic Plan will be implemented in the year ahead ensuring alignment of all processes in the Bank to the themes and priorities of the plan to achieve the overall vision of the Bank.

Legislation

The Reserve Bank will continue to implement the legislative reform work including the following:

- Bring into effect the NPS Act non effective provisions;
- Implement the necessary consequential legislative reforms required for the phase out of cheques;
- Review sections in the Personal Property Securities Regulations 2019 as required by industry feedback;
- Review of the Insurance Act 1998, through the technical assistance of the IMF PFTAC and drafting of the Insurance Bill;
- Amendment to the Fair Reporting of Credit Act 2016 in line with the ongoing work regarding Fiji's Ease of Doing Business ranking;
- Amendment of the Banking Act 1995 following the desk-based review by IMF;
- Enhancing the Financial Services Ombuds Office with the necessary powers to undertake its role effectively;
- Ensuring efficient Bank submissions and feedback on review of important legislation that affect the Bank to the respective Parliamentary Standing Committees;
- Implement the proposed National

Identification Act legislation with the assistance of ADB and SGO;

- Finalisation of the Credit Union legislation; and
- Review of relevant RBF administered legislation with the assistance of the Solicitor General's Office and Fiji Law Reform Commission.

Monetary Policy

The Reserve Bank of Fiji is dedicated to maintaining an appropriate and effective monetary policy in order to fulfil its dual mandate of keeping inflation low and ensuring a sufficient level of foreign reserves. To maintain macroeconomic stability, the Bank will promote economic growth and development through collaborative efforts in research, quality review of work processes, stakeholder liaison, and industry feedback through surveys that provide valuable inputs into the economic forecasting and policy formulation process.

As part of being a responsible ESG investor, ESG considerations in various aspects of the Bank's activities will continue to be implemented including RBF's investment decisions.

Financial System Regulation and Supervision

In ensuring that the regulatory environment remains conducive to developments in the financial system, the Reserve Bank continues to undertake various initiatives to align to international standards and best practices. As such, the development and consultation of a proposed environmental and social risk policy

for supervised institutions, is one of the focus areas going forward.

Similarly, the development and/or review of policies on climate risk, operational resilience, capital adequacy, credit risk and payment system supervision, have been planned for the subsequent year. Amendments to insurance reporting returns to reflect IFRS 17 standards are to be finalised during the year.

Furthermore, preparatory work is planned in view of the 2026 Fiji Mutual Evaluation on money laundering and terrorist finance risk. With cybersecurity threats being a growing area of concern globally, and with the implementation of *Prudential Supervision Policy Statement No.2 on Minimum Requirements for the Management of Cybersecurity Risk*, the Reserve Bank plans to conduct a thematic review on cybersecurity risk for all supervised entities in 2025.

Corporate Services Enhancements

Enhancing our risk culture through building trust & credibility with effective risk communication will be in the forefront of efforts to manage the Bank's risk by automating various monitoring procedures. Automation will be considered for various aspects of the Bank's operations, particularly for financial markets processes with a view to automate to enhance efficiency.

Arising from the demands of the new digitally charged world and the implementation of solutions, such as partnership with cybersecurity



service provider, were efforts to better manage cybersecurity risks with subject matter experts. In addition, the information security monitoring will continue while also ensuring that the Bank's infrastructure in terms of hardware/software are upgraded or replaced as per requirements.

Cyber security will continue to be the focus of the Bank and projects such as SWIFT ISO 20022 migration, publishing security policy, annual VAPT will continue. Thorough reviews of the Risk Management policy, the Business Continuity Management policy and the Risk Management Framework will be strengthened to reflect changes in the risk environment, placing the Bank in a better position to deal with any disruptions to its business operations. The mitigation against legal risks will also be considered critical to ensure the Bank's reputation is safeguarded.

To safeguard operational resilience, work will also continue on the Bank's building services upgrade project.

In ensuring that currency issued in Fiji is of high quality, the Bank commenced the currency review exercise while continuing to meet all currency demands and efficient management of stock.

Implementation of NFIS 2022-2030

The RBF will continue to advance the implementation of the NFIS 2022- 2030, through the NFIT and its four working groups. This includes commitments made towards the We-Fi code, AFI's Maya Commitments and efforts towards achieving the objectives set under the Natadola Roadmap to Inclusive Green Finance in the Pacific.

Payments and Settlements

As part of its ongoing efforts to improve the NPS, the RBF will continue to work towards achieving full interoperability for payments between accounts of banks and mobile money service providers over the ACH. Additionally, the RBF will also transition its SWIFT system

to ISO 20022 standards, which conforms to global best practices for secure, adaptable and efficient international payments.

The Bank is now working on onboarding the Mobile Network Operators into the NPS central infrastructure which will be a milestone achievement. Furthermore, preliminary work has commenced on the standardisation of QR codes and on National ID and e-KYC.

The Bank is also planning the development of the OET reporting system to improve the OET data collection and reporting by the Authorised Dealers.



Financial Statements

For the year ended 31 July 2024

Contents

Directors' report	75
Statement by Directors	78
Independent auditor's report	79
Statement of comprehensive income	82
Statement of changes in equity	83
Statement of financial position	85
Statement of cash flows	86
Notes to and forming part of the financial statements	87-118

Reserve Bank of Fiji Financial Statements For the year ended 31 July 2024

Directors' report

The Directors present their report together with the financial statements of the Reserve Bank of Fiji ("the Bank") for the year ended 31 July 2024 and the auditor's report thereon.

Directors

The Directors in office during the financial year and at the date of this report were:

- Ariff Ali (Chairman and Governor);
- Shiri Krishna Gounder (Ex-officio member);
- Pradeep Patel (served as Board Director from 09 June 2014 to 08 June 2024);
- Tony Whitton (served as Board Director from 03 March 2015 to 02 March 2024);
- Nikita Patel (appointed on 14 February 2021 and reappointed on 14 February 2024);
- Bobby Naimawi (appointed on 14 February 2021 and reappointed on 14 February 2024);
- Peni Sikivou (appointed on 01 February 2024);
- Ashnita Kisun Deo (appointed on 01 April 2024); and
- Fantasha Lockington (appointed on 09 June 2024).

State of affairs

In the opinion of the Directors:

- there were no significant changes in the state of affairs of the Bank during the financial year under review not otherwise disclosed in this report or the financial statements; and
- the accompanying statement of financial position gives a true and fair view of the state of affairs of the Bank as at 31 July 2024 and the accompanying statement of comprehensive income, statement of changes in equity and statement of cash flows give a true and fair view of the results, changes in equity and cash flows of the Bank for the year then ended.

Principal activities

The Reserve Bank's role as a central bank, as defined in the Reserve Bank of Fiji Act, 1983, is:

- to regulate the issue of currency and the supply, availability, and international exchange of money;
- to promote monetary stability;
- to promote a sound financial structure;
- to foster credit and exchange conditions conducive to the orderly and balanced economic development of the country;
- to regulate the insurance industry; and
- to regulate the capital markets and the securities industry.

Operating results

The net profit of the Bank for the year ended 31 July 2024 was \$135.5m (2023: \$102.2m).

Reserves

In accordance with Section 8(1) of the Reserve Bank of Fiji Act, 1983, the Minister for Finance and the Board of Directors have agreed to transfer \$1.0m (2023: \$1.0m) to the General Reserves as at the end of the financial year.

External reserves

Under the provisions of Section 31 of the Reserve Bank of Fiji Act, 1983, the value of the External Reserves provided for in Section 30 shall not be less than 50% of the total Demand liabilities of the Bank. At 31 July 2024, the value of the External Reserves was 71% (2023: 68%) of total Demand liabilities.

Reserve Bank of Fiji Financial Statements For the year ended 31 July 2024

Directors' report - continued

Payable to the Fiji Government

In accordance with the Reserve Bank of Fiji Act, 1983, the following amounts totalling \$136.2m for the year ended 31 July 2024 (2023: \$103.4m) are payable to the Fiji Government:

- Section 8(3): Net profit after transfer to General Reserves - \$134.5m for the year ended 31 July 2024 (2023: \$101.3m); and
- Section 34(3): One-fifth balance of Revaluation Reserve account - foreign currency - \$1.7m (2023: \$2.1m).

Bad and doubtful debt

The Directors took reasonable steps before the financial statements of the Bank were prepared to ascertain that all known bad debts were written off and adequate allowance was made for doubtful debts. At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the provisions for doubtful debts, inadequate to any substantial extent.

Provisions

In relation to allowance for impairment losses, an additional provision of \$0.5m was recorded during the financial year in accordance with the requirements of IFRS 9.

Significant events during the year

There has not arisen during the financial year any item, transaction or event of a material and unusual nature that significantly affected the operations of the Bank. The Bank has carefully considered the impact of global economic uncertainties in preparing its financial statement for the year ended 31 July 2024.

Assets

The Directors took reasonable steps before the Bank's financial statements were made out to ascertain that the assets of the Bank were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business. At the date of this report, the Directors were not aware of any circumstances which would render the values attributable to the assets in the financial statements misleading.

Directors' benefit

Other than Directors remuneration and benefits disclosed in the financial statement, no Director of the Bank has, since the end of the previous financial year, received or become entitled to receive any other benefit by reason of contract made by the Bank with the Director or with a firm of which the Director is a member, or with a company in which the Director has substantial financial interest.

Events subsequent to balance date

There has not arisen in the interval between the end of the period and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the Directors of the Bank, to affect significantly the operations of the Bank, the results of those operations, or the state of affairs of the Bank, in future financial periods.



Reserve Bank of Fiji
Financial Statements
For the year ended 31 July 2024

Directors' report - continued

Other circumstances

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which render amounts stated in the financial statements misleading.

Dated at Suva this 19th day of September 2024.

Signed in accordance with a resolution of the Board of Directors:

Ariff Ali
Chairman of the Board and Governor

Bobby Naimawi
Director



Reserve Bank of Fiji Financial Statements For the year ended 31 July 2024

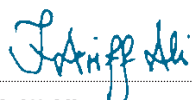
Statement by Directors

In the opinion of the Directors:

- (a) the accompanying statement of comprehensive income is drawn up so as to give a true and fair view of the results of the Bank for the year ended 31 July 2024;
- (b) the accompanying statement of changes in equity is drawn up so as to give a true and fair view of the changes in equity of the Bank for the year ended 31 July 2024;
- (c) the accompanying statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Bank as at 31 July 2024;
- (d) the accompanying statement of cash flows is drawn up so as to give a true and fair view of the cash flows of the Bank for the year ended 31 July 2024;
- (e) at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due;
- (f) all related party transactions have been adequately recorded in the books of the Bank; and
- (g) the financial statements have been properly prepared in accordance with the International Financial Reporting Standards ("IFRS") except as stated in Note 2(a) to the financial statements. In accordance with the provisions of Section 34 of the Reserve Bank of Fiji Act, 1983, foreign exchange gains or losses are credited or charged directly to the Revaluation reserve account - foreign currency and are not included in the computation of annual profits or losses of the Bank. This is incongruent with International Accounting Standard 21 ("IAS 21") "*Effects of Changes in Foreign Exchange Rates*" which requires that currency translation gains and losses be credited or charged to profit or loss.

In the opinion of the Directors, the accounting treatment adopted is appropriate in view of the requirement of Section 34 of the Reserve Bank of Fiji Act, 1983. Had the Bank adopted IAS 21 there would have been a net profit of \$135.4m, a decrease of \$0.1m being the currency translation loss for the year ended 31 July 2024.

For and on behalf of the Board of Directors by authority of a resolution of the Directors this 19 day of September 2024.



Ariff Ali
Chairman of the Board and Governor



Bobby Naimawi
Director



Independent Auditor's Report

To the Board of Directors of the Reserve Bank of Fiji

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of the Reserve Bank of Fiji ("the Bank"), which comprise the statement of financial position of the Bank as at 31 July 2024, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 July 2024, and of its financial performance and cash flows for the year then ended in accordance with the accounting policies described in Note 2 of the financial statements and in the manner required by the Reserve Bank of Fiji Act, 1983 ("the Act").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2(a) of the financial statements which refers to the reporting framework and policy on the treatment of exchange gains and losses and its variance with IAS 21 "Effect of changes in Foreign Exchange Rates". Our opinion is not qualified in respect of this matter.

Independence

We are independent of the Bank in accordance with the ethical requirements of the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements in Fiji, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other Information

Directors and management are responsible for the other information. The other information comprises the information included in the Bank's Annual Report for the year ended 31 July 2024 (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement

PricewaterhouseCoopers, Level 8 Civic Tower, 272 Victoria Parade, Suva, Fiji.
GPO Box 200, Suva, Fiji.
T: (679)3313955 / 3315199, F: (679) 3300947

PricewaterhouseCoopers is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.



of this other information, we are required to report that fact. We have nothing to report in this regard, except that not all other information was available to us at the date of our signing.

Responsibilities of Directors and Management for the Financial Statements

Directors and management are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and with the requirements of the Reserve Bank of Fiji Act, 1983, and for such internal control as the directors and management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors and management are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors and management either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The directors and management are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors and management.
- Conclude on the appropriateness of the directors and managements use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with directors and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on Use

This report is made solely to the Board of Directors of the Reserve Bank of Fiji. Our audit work has been undertaken so that we might state to the Board of Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's Board of Directors as a body, for our audit work, for this report, or for the opinions we have formed.


PricewaterhouseCoopers
Chartered Accountants



Kaushick Chandra

19 September 2024
Suva, Fiji.

Reserve Bank of Fiji
Statement of comprehensive income
For the year ended 31 July 2024

	Note	31 July 2024 \$000	31 July 2023 \$000
Income			
Interest income	4(a)	184,187	140,854
Other revenue	4(b)	5,070	6,321
Total income		189,257	147,175
Expenses			
Interest expense	4(c)	(20,008)	(14,582)
Administration expenses	4(d)	(25,902)	(23,487)
Other expenses	4(e)	(7,252)	(7,425)
Expected credit losses (expense)/write-back	4(f)	(541)	555
Total expenses		(53,703)	(44,939)
Net profit for the period		135,554	102,236
Other comprehensive income			
Amortisation of fair value reserve		(565)	(698)
Change in fair value of financial assets		28,930	3,463
Asset revaluation reserve movement	19	543	244
Currency translation losses		(125)	(2,913)
Total other comprehensive income		28,783	96
Total comprehensive income for the period		164,337	102,332

Reserve Bank of Fiji
Statement of changes in equity
For the year ended 31 July 2024

	Paid-up capital	General reserves	Revaluation reserve account -foreign currency	Fair Value reserve	Asset revaluation reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 August 2022	2,000	45,050	13,549	(27,675)	30,394	-	63,318
Total comprehensive income for the year							
Net profit	-	-	-	-	-	102,236	102,236
Transfer to General reserves (Note 19)	-	1,000	-	-	-	(1,000)	-
<i>Other comprehensive income/(losses)</i>							
Amortisation of fair value reserve	-	-	-	(698)	-	-	(698)
Change in fair value of financial assets	-	-	-	3,463	-	-	3,463
Asset revaluation reserve movement (Note 19)	-	-	-	-	244	-	244
Net losses arising from currency translation differences	-	-	(2,913)	-	-	-	(2,913)
Total other comprehensive income/(losses)	-	-	(2,913)	2,765	244	-	96
Total comprehensive income/(losses) for the year	-	1,000	(2,913)	2,765	244	101,236	102,332
	2,000	46,050	10,636	(24,910)	30,638	101,236	165,650
<i>Transactions with owners, recorded directly in equity</i>							
Payable to the Fiji Government (Note 13)	-	-	(2,127)	-	-	(101,236)	(103,363)
Balance at 31 July 2023	2,000	46,050	8,509	(24,910)	30,638	-	62,287

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 87 to 118.

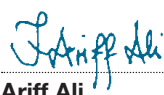
Reserve Bank of Fiji
Statement of changes in equity - continued
For the year ended 31 July 2024

	Paid-up capital	General reserves	Revaluation reserve account -foreign currency	Fair Value reserve	Asset revaluation reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 August 2023	2,000	46,050	8,509	(24,910)	30,638	-	62,287
Total comprehensive income for the year							
Net profit	-	-	-	-	-	135,554	135,554
Transfer to General reserves (Note 19)	-	1,000	-	-	-	(1,000)	-
<i>Other comprehensive income/(losses)</i>							
Amortisation of fair value reserve	-	-	-	(565)	-	-	(565)
Change in fair value of financial assets	-	-	-	28,930	-	-	28,930
Asset revaluation reserve movement (Note 19)	-	-	-	-	543	-	543
Net losses arising from currency translation differences	-	-	(125)	-	-	-	(125)
Total other comprehensive income/(losses)	-	-	(125)	28,365	543	-	28,783
Total comprehensive income/(losses) for the year	-	1,000	(125)	28,365	543	134,554	164,337
	2,000	47,050	8,384	3,455	31,181	134,554	226,624
<i>Transactions with owners, recorded directly in equity</i>							
Payable to the Fiji Government (Note 13)	-	-	(1,677)	-	-	(134,554)	(136,231)
Balance at 31 July 2024	2,000	47,050	6,707	3,455	31,181	-	90,393

Reserve Bank of Fiji
Statement of financial position
As at 31 July 2024

	Note	31 July 2024 \$000	31 July 2023 \$000
Foreign currency assets			
Short-term commercial paper and current accounts	5	859,698	871,429
Marketable securities	5	2,232,910	2,187,895
Gold	5	4,598	3,666
Accrued interest		27,676	36,667
International Monetary Fund			
- Reserve tranche position	5/20	75,670	74,775
- Special drawing rights	5/20	420,960	417,792
- PRGF - HIPC Trust	20	590	585
- Currency subscription	20	223,384	221,913
Total foreign currency assets		3,845,486	3,814,722
Local currency assets			
Cash and cash equivalents	17	3,134	3,012
Domestic securities	6	716,989	699,080
Financing facilities	7	836,878	1,030,030
Currency inventory	8	10,793	13,009
Other assets	9	15,371	15,734
Intangible assets	10	5,014	5,516
Property, plant and equipment	11	37,352	38,189
Total local currency assets		1,625,531	1,804,570
Total assets		5,471,017	5,619,292
Foreign currency liabilities			
Demand deposits	12	82	245
IMF - PRGF - HIPC Trust	20	590	585
IMF - Special drawing rights allocation	20	490,542	486,661
Total foreign currency liabilities		491,214	487,491
Local currency liabilities			
Demand deposits	12	2,251,977	2,575,465
Payable to the Fiji Government	13	136,231	103,363
Currency in circulation	14	1,061,693	1,015,758
Statutory reserve deposits		1,194,895	1,136,295
IMF - Notes currency subscription	20	222,641	221,171
Employee entitlements	15	3,851	3,666
Other liabilities	16	18,122	13,796
Total local currency liabilities		4,889,410	5,069,514
Total liabilities		5,380,624	5,557,005
Net assets		90,393	62,287
Capital and reserves			
Paid-up capital	18	2,000	2,000
General reserves	19	47,050	46,050
Revaluation reserve account - foreign currency	19	6,707	8,509
Fair value reserve	19	3,455	(24,910)
Asset revaluation reserve	19	31,181	30,638
		90,393	62,287

Signed in accordance with the resolution of the Board of Directors:



Ariff Ali
Chairman of the Board and Governor



Bobby Naimawi
Director

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 87 to 118.

Reserve Bank of Fiji
Statement of cash flows
For the year ended 31 July 2024

	Note	31 July 2024 \$000	31 July 2023 \$000
Operating activities			
Rental lease income		476	476
Numismatic sales		413	979
Interest received		174,550	102,689
Other income		3,893	3,834
Interest paid		(3)	(3)
New currency and numismatic payments		(1,582)	(2,470)
Administration and other expenses		(22,215)	(20,340)
Net movement of short-term commercial paper		(59,216)	147,611
Net movement in fixed term deposits		249,938	(190,040)
Net movement in International Monetary Fund accounts		(507)	(479)
Net movement of domestic securities		(19,180)	721
Cash flows from operating activities		326,567	42,978
Investing activities			
Payment for property, plant and equipment and intangibles		(1,991)	(4,851)
Net movement of bonds		(265,956)	119,757
Net movement in financing facilities		192,997	(75,712)
Cash flows (used in)/from investing activities		(74,950)	39,194
Financing activities			
Net movement in demand deposits		(323,488)	(141,549)
Payment to the Fiji Government		(103,363)	(44,394)
Net movement in currency in circulation		45,935	42,334
Net movement in statutory reserve deposits		58,600	81,542
Cash flows used in financing activities		(322,316)	(62,067)
Net effect of currency translation		(125)	(2,913)
Net (decrease)/increase in cash and cash equivalents		(70,824)	17,192
Cash and cash equivalents at the beginning of the period		354,202	337,010
Cash and cash equivalents at the end of the period	17	283,378	354,202

Reserve Bank of Fiji

Notes to and forming part of the financial statements

For the year ended 31 July 2024

1. Principal activities and principal place of operations

The Reserve Bank's role as a central bank, as defined in the Reserve Bank of Fiji Act, 1983, is:

- (a) to regulate the issue of currency and the supply, availability, and international exchange of money;
- (b) to promote monetary stability;
- (c) to promote a sound financial structure;
- (d) to foster credit and exchange conditions conducive to the orderly and balanced economic development of the country;
- (e) to regulate the insurance industry; and
- (f) to regulate the capital markets and the securities industry.

The Bank's principal place of operations is located at 1 Pratt Street, Suva, Fiji.

2. Statement of significant accounting policies and statutory requirements

(a) Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Reserve Bank of Fiji Act, 1983 and International Financial Reporting Standards (IFRS) except as detailed below.

The provisions of Section 34 of the Reserve Bank of Fiji Act, 1983 requires exchange gains and losses to be credited or debited directly to the Revaluation reserve account - foreign currency and not be included in the computation of annual profits or losses of the Bank. This is at variance with IAS 21 "*Effects of Changes in Foreign Exchange Rates*" which requires that currency translation gains and losses be credited or debited to profit or loss.

In accordance with Section 34, losses arising from exchange fluctuations are set off against any credit balance in the Revaluation reserve account - foreign currency; if such balance is insufficient to cover such losses, the Fiji Government is required to transfer to the ownership of the Bank non-negotiable non-interest-bearing securities to the extent of the deficiency. Any credit balance in the Revaluation reserve account - foreign currency at the end of each financial period is applied first, on behalf of the Fiji Government, to the redemption of any non-negotiable non-interest-bearing notes previously transferred to the Bank by the Fiji Government to cover losses and thereafter one-fifth of any remaining balance is paid to the Fiji Government.

In the opinion of the Directors, the accounting treatment adopted is appropriate in view of the requirement of Section 34 of the Reserve Bank of Fiji Act, 1983. Had the Bank adopted IAS 21 there would have been a net profit of \$135.4m for the year ended 31 July 2024 (2023: \$99.4m), a reduction of \$0.1m, being the net loss arising from currency translation differences (2023: a reduction of \$2.9m, being the net loss arising from currency translation differences).

Reserve Bank of Fiji

Notes to and forming part of the financial statements

For the year ended 31 July 2024

2. Statement of significant accounting policies and statutory requirements - continued

(b) Basis of preparation

The financial statements have been prepared on a going concern basis. The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements are disclosed in Note 3.

Reserve Bank of Fiji ("the Bank") operates under the Reserve Bank of Fiji Act, 1983. The financial statements are prepared on the historical cost basis except for the following:

- those financial assets that are measured at fair value through other comprehensive income (FVOCI);
- financial assets are measured at amortised cost; and
- land and buildings are measured at fair value.

When estimating fair value, the Bank has considered the actual and potential impacts on the value of its investments from the global economic uncertainties. Where, in the judgement of the Bank, an investment has been temporarily impacted by this, the assessed value of the impact is deducted when deriving the fair value.

The accounting policies as set out below have been applied consistently and, except where there is a change in accounting policy, are consistent with those of the previous periods.

New Standards:

New and amended standards and interpretations

The Bank has adopted the following interpretations and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 August 2023: The adoption of the new amended standards and interpretations did not have a material effect on the Bank:

- Amendments to IAS 1: Classification of liabilities as Current or Non-Current
- Definition of Accounting Estimates – Amendments to IAS 8
- Disclosure of Accounting policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Annual improvements to IFRS Standards 2018-2020
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

Standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations have been issued but not yet effective and have not been applied in preparing these financial statements.

New standards, amendments or interpretations	Effective date
• Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates	1 January 2025
• Amendments to IFRS 9 - Financial Instruments and IFRS 7 Financial Instruments: Disclosures	1 January 2026
• IFRS 18 - Presentation and Disclosure in Financial Statements	1 January 2027
• IFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Bank does not intend to apply these standards, amendments and interpretations until their effective dates as the impact of these standards, amendments and interpretations on the financial statements of the Bank is not expected to be significant.

Reserve Bank of Fiji
Notes to and forming part of the financial statements
For the year ended 31 July 2024

2. Statement of significant accounting policies and statutory requirements - continued

(c) Foreign currency transaction

Monetary assets and liabilities denominated in foreign currency balances have been translated to Fiji currency at rates of exchange ruling at period end. Transactions in foreign currencies are recorded in Fiji currency at the exchange rate applicable at the time of the transaction. As set out in Note 2(a) the gains or losses arising from foreign currency transactions are taken through other comprehensive income to the Revaluation reserve - foreign currency account.

(d) Functional currency

The financial statements are presented in Fijian dollars, which is the Bank's functional currency.

(e) Financial instruments

The Bank measures and classifies its financial instruments into three categories: amortised cost, fair value through other comprehensive income and fair value through profit or loss.

Valuation of financial instruments

All financial instruments are initially recognised at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the market at measurement date. The fair value of a financial instrument on initial recognition is the transaction price or the fair value of the consideration given or received. The fair value of financial instruments is measured on an individual basis.

(i) Financial instruments measured at amortised cost

Financial assets that are held to collect the contractual cash flows and which terms give rise on specified dates to cash flows that are solely payments of principal and interest are subsequently measured at amortised cost using effective interest method. Interest income and impairment are recognised in profit or loss. Any gains or loss on derecognition is recognised in profit or loss. Such financial assets include fixed deposits, financing facilities, discounted securities, domestic bonds, other assets, staff housing loans and cash at bank.

The carrying value of these financial assets at initial recognition includes any directly attributable transaction costs. If the fair value is less than the cash amount advanced, the difference is deferred and recognised over the life of the loan through the recognition of interest income and amortised over the life of the instrument using the effective interest method in profit or loss.

The Bank may commit to underwriting loans on fixed contractual terms for a specified period of time. When the loan arising from the lending commitment is expected to be held for trading, the commitment to lend is recorded as a derivative. When the Bank intends to hold the loan, the loan commitment is included in the impairment calculations set out below.

Non-trading reverse repurchase, repurchase and similar agreements

When debt securities are sold subject to a commitment to repurchase them at a predetermined price ('repos'), they remain on the balance sheet, as a liability is recorded in respect of the consideration received. Securities purchased under commitments to resell ('reverse repos') are not recognised on the balance sheet and an asset is recorded in respect of the initial consideration paid. Non-trading repos and reverse repos are measured at amortised cost. The difference between the sale and repurchase price or between the purchase price and the resale price is treated as interest and recognised as net interest income over the life of the agreement.

Reserve Bank of Fiji

Notes to and forming part of the financial statements

For the year ended 31 July 2024

2. Statement of significant accounting policies and statutory requirements - continued

(e) Financial instruments - continued

(i) Financial instruments measured at amortised cost - continued

Non-trading reverse repurchase, repurchase and similar agreements - continued

Contracts that are economically equivalent to reverse repo or repo agreements (such as sales or purchases of debt securities entered in together with total return swaps with the same counterparty) are accounted for similarly to, and presented together with, reverse repo or repo agreements.

(ii) Financial assets measured at fair value through other comprehensive income

Financial assets held for a business model that is achieved by both collecting contractual cash flows and selling, which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at fair value through other comprehensive income ('FVOCI'). This comprises foreign bonds only. They are recognised at the trade date when the Bank enters into contractual arrangements to purchase and are derecognised when they are sold or redeemed. They are subsequently remeasured at fair value and changes therein (except for those relating to impairment and interest income) are recognised in other comprehensive income until the assets are sold. Upon disposal, the cumulative gains and losses in the comprehensive income are recognised in the income statement as 'Gains and losses from financial instruments'. Financial assets measured at FVOCI are included in the impairment calculations set out below and impairment is recognised in profit or loss.

(iii) Financial instruments designated at fair value through profit or loss

Financial instruments, other than those held for trading, are classified in this category if they meet one or more of the criteria set out below and are so designated irrevocably at inception:

- the use of the designation removes or significantly reduces an accounting mismatch;
- a group of financial assets or liabilities or a group of financial liabilities is managed, and its performance is evaluated on a fair value basis, in accordance with a risk management or investment strategy; and
- the financial liability contains one or more non-closely related embedded derivative.

Designated financial assets are recognised when the Bank enters into contracts with counterparties, which is generally on trade date, and are normally derecognised when the rights to the cash flows expire or are transferred. Designated financial liabilities are recognised when the Bank enters into contracts with counterparties, which is generally at settlement date, and are normally derecognised when extinguished. Subsequent changes in fair values are recognised in the income statement in "Net income from financial instruments held for trading on a fair value basis" or "Net income/ (expense) from assets and liabilities measured at fair value through profit or loss".

(iv) Financial assets: Business model assessment

The Bank makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities, or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;

Reserve Bank of Fiji
Notes to and forming part of the financial statements
For the year ended 31 July 2024

2. Statement of significant accounting policies and statutory requirements - continued

(e) Financial instruments - continued

(iv) Financial assets: Business model assessment - continued

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for recognition are not considered sales for this purpose, consistent with the Bank's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(v) Impairment of amortised cost and FVOCI financial assets

Expected credit losses ('ECL') are recognised for staff housing loans, non-trading reverse repurchase agreements, other financial assets held at amortised cost and financial assets measured at FVOCI. At initial recognition, allowance (or provision in the case of loan commitments) is required for when there has not been a significant increase in credit risk since initial recognition. The ECL impairment provision is calculated from default events possible within the next 12 months. In the event of a significant increase in credit risk, allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument.

Measurement of ECL

The assessment of credit risk and the estimation of ECL are unbiased and probability-weighted and incorporate all available information that is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of the future events and economic conditions at the reporting date. In addition, the estimation of ECL should take into account time value of money.

In general, the Bank calculates ECL using three main components: a probability of default ('PD'), a loss given default ('LGD') and the exposure at default ('EAD'). The ECL is calculated by multiplying the PD, LGD and the EAD. The PD represents the probability of default occurring within the next 12 months over the lifetime of the instrument. The EAD represents the expected balance at default, taking into account repayment of principal and interest from the balance sheet date to the default event together with any expected drawdown of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money. The table below sets out how the value of the key drivers of the Bank's ECL model have been determined to meet the differing IFRS 9 requirements.

Reserve Bank of Fiji
Notes to and forming part of the financial statements
For the year ended 31 July 2024

2. Statement of significant accounting policies and statutory requirements - continued

(e) Financial instruments - continued

(v) Impairment of amortised cost and FVOCI financial assets - continued

Model	RBF	IFRS 9 Requirement
PD	<ul style="list-style-type: none"> Weighted average of global corporate bond annual default rates (35-year period) leveraged on the Bank's foreign investment portfolio. Sovereign ratings leveraged on the financial assets in the Bank's domestic portfolio. IMF financial assets categorised as extremely low risk foreign holdings. Staff loans and advance categorised as the riskiest of all the Bank's domestic holdings. Credit rating of the financial institution and the probability of defaults (PDs) associated with those credit rating is obtained from Standard & Poor's (S&P). The Bank identifies and calibrates the relationships between changes in default rates and changes in key macro-economic indicators. The key macro-economic indicators used are GDP growth rate, tourism earnings, Government debt and Government tax revenues published by the Bank, Fiji Bureau of Statistics and Government of Fiji. The Bank formulates three economic scenarios: a base case represents a most-likely outcome. The other scenarios represent more optimistic and more pessimistic outcomes. The scenario probabilities weightings applied to the PDs are as follows: <ul style="list-style-type: none"> Base – 60% Upside – 10% Downside – 30% 	<ul style="list-style-type: none"> Point in time (based on current conditions, adjusted to take into account future estimates that will impact PD).
EAD	<ul style="list-style-type: none"> Not lower than the carrying amount balance. 	<ul style="list-style-type: none"> Amortisation captured for financial instruments.
LGD	<ul style="list-style-type: none"> Basel III guidance assessments yielded rates of 10% - 30% for the financial assets in the Bank's foreign investment portfolio and 10% - 40% for the financial assets in the domestic commercial portfolios. LGDs for senior and subordinate exposures are extrapolated from the landed floor rates. 	<ul style="list-style-type: none"> Expected LGD (based on the estimate loss given default including the expected impact of future economic conditions such as changes in value of collateral). Discounted using the effective interest rate.

Reserve Bank of Fiji
Notes to and forming part of the financial statements
For the year ended 31 July 2024

2. Statement of significant accounting policies and statutory requirements - continued

(e) Financial instruments - continued

(v) Impairment of amortised cost and FVOCI financial assets - continued

Period over which ECL is measured

Expected credit loss is measured from the initial recognition of the financial asset. The maximum period considered when measuring ECL is the maximum contractual period over which the Bank is exposed to credit risk. The total ECL is recognised in the loss allowance for the financial asset unless the total ECL exceed the gross carrying amount of the asset, in which case the ECL is recognised as a provision.

Derecognition of Financial Assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Financial liabilities

The Bank's financial liabilities are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of comprehensive income. The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Bank derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the statement of comprehensive income.

(f) Gold

Gold is valued at the market price ruling at period end. Revaluation gains and losses on gold due to change in fair value are transferred to asset revaluation reserve. Currency translation gains and losses on gold are transferred to the Revaluation reserve - foreign currency account.

(g) Numismatic items

The Bank sells or receives royalties on notes and coins which are specifically minted or packaged as numismatic items. These numismatic items have not been accounted for as currency in circulation as they are not issued for monetary purposes. In terms of Section 55(2) of the Reserve Bank of Fiji Act, 1983, the Minister for Economy has specified by notice made under the provisions of paragraph (b) of the provision to Section 31 of the Act that the Bank shall not be required to include the face value of these numismatic items in circulation in its financial statements. It is considered that no material liability will arise in respect of these numismatic items. All costs incurred in respect to production, other conversion and logistic costs are expensed when acquired and not capitalised as inventory.

(h) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, cash at bank or current accounts, and other short-term highly liquid investments with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in fair value and are used by the Bank in the management of its short-term commitments.

Reserve Bank of Fiji

Notes to and forming part of the financial statements

For the year ended 31 July 2024

2. Statement of significant accounting policies and statutory requirements - continued

(i) Currency inventory

Currency inventory relates to notes and coins purchased for circulation and include the new notes and coins design series. The amount expensed in profit or loss is based on the cost of producing legal tender notes and coins that are issued for circulation and adjustments for write-offs relating to superseded design notes and coins series which are no longer considered to be legal tender. Currency costs is determined on a first-in, first-out basis. Costs include the cost of bringing inventories to their present location and condition.

(j) Demand deposits

Demand deposits representing funds placed with the Bank by financial institutions and other organisations are brought to account on a cost basis. Initially recognised at fair value minus incremental direct transaction costs, and subsequently measured at amortised cost using the effective interest method. These deposits are at call. Interest is paid on demand deposits of commercial banks held with the Bank.

(k) Currency in circulation

The exclusive rights of national currency issue are vested with the Bank. Currency in circulation comprises notes and coins issued by the Bank and represent a claim on the Bank in favour of the holder. Currency in circulation relates to the issue of notes and coins and demonetised currency that has yet to be redeemed, less notes and coins redeemed. The liability for currency in circulation is recorded at face value in the statement of financial position.

(l) Property, plant and equipment

Recognition and measurement

Freehold land and buildings are measured at fair value, based on valuations by an independent registered valuer less subsequent depreciation and impairment losses. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation

Items of capital expenditure, with the exception of freehold land, are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	50-60 years
Building improvements	5-15 years
Motor vehicles	6 years
Computers and equipment	4-5 years
Plant & machinery, equipment & furniture & fittings	5-10 years

Assets are depreciated from the date of acquisition. Expenditure on repairs and maintenance of property, plant and equipment incurred which does not add to future economic benefits expected from the assets is recognised as an expense when incurred.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Bank. Routine ongoing repairs and maintenance are expensed as incurred.



Reserve Bank of Fiji
Notes to and forming part of the financial statements
For the year ended 31 July 2024

2. Statement of significant accounting policies and statutory requirements - continued

(m) Statutory reserve deposit

Under Section 40 of the Reserve Bank of Fiji Act, 1983, the Reserve Bank may specify the reserves required, by each financial institution, to be maintained against their deposits and other similar liabilities. The statutory reserve deposit is a direct monetary policy tool that is used from time to time to complement the RBF's market-based policy instrument. The last time the RBF changed the statutory reserve deposit was in 2010 when it was raised from 8.5% to 10%. These deposits are not at call.

(n) Intangible assets

Acquired intangible assets are initially recorded at their cost at the date of acquisition being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives of the asset being the period in which the related benefits are expected to be realised (shorter of legal duration and expected economic life). Amortisation rates and residual values are reviewed annually, and any changes are accounted for prospectively. The annual amortisation rate used for intangible assets is 25%.

(o) Impairment

The carrying amounts of the Bank's assets are reviewed periodically to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(p) Employee entitlements

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution pension plan

The Bank operates a defined contribution pension plan. The contribution payable to Fiji National Provident Fund is in proportion to the services rendered to the Bank by the employees and is recorded as an expense in profit or loss. Unpaid contributions are recorded as a liability.

Other long-term employee benefits

A liability for long-term benefit is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future salary increments, employee departures and periods of service. Expected future payments are discounted using interest rates on government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.



Reserve Bank of Fiji
Notes to and forming part of the financial statements
For the year ended 31 July 2024

2. Statement of significant accounting policies and statutory requirements - continued

(q) Income tax

The Bank is exempt from income tax in accordance with Section 57 of the Reserve Bank of Fiji Act, 1983.

(r) Revenue and expense recognition

Interest income and interest expense

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

Revenue from contracts with customer

Revenue from the sale of numismatic products is recognised at the point at which the product is accepted, and the contracted performance obligation is satisfied.

Income from financial instruments

Gains and losses realised from the sale of financial instruments are reflected in profit or loss at the time of transaction.

Other income

Rental income is brought to account as the performance obligations are satisfied over time. All rents are payable within a 30 day period.

All other income sources are generally brought to account as the performance obligations are satisfied at a point in time.

(s) Comparative figures

Where necessary, comparative figures have been reclassified or regrouped to conform to changes in presentation in the current period.

(t) Rounding

Amounts in the financial statements are rounded to the nearest thousand dollars unless otherwise stated.



Reserve Bank of Fiji
Notes to and forming part of the financial statements
For the year ended 31 July 2024

3. Critical accounting estimates and judgements

Estimates and judgment are continually evaluated and based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial period are as follows:

- Fair value measurement of financial assets accounted for at FVOCI – refer Note 22.
- Determination of expected credit losses for financial assets – refer to Note 2 (e) and Note 21(c).
- Valuation of properties – refer to Note 2 (l) and Note 11.



Reserve Bank of Fiji
Notes to and forming part of the financial statements
For the year ended 31 July 2024

4. Revenue and expenses	Note	31 July 2024 \$000	31 July 2023 \$000
(a) Interest income			
Overseas investments		121,550	83,386
International Monetary Fund		19,843	14,450
Domestic securities		40,634	40,479
Financing facilities		2,135	2,501
Staff loans		25	38
		184,187	140,854
(b) Other revenue			
Rent received		476	476
Numismatic sales		644	2,014
License and application fees		365	547
Foreign currency trading gains		3,262	2,880
Net gain on realisation of securities		52	-
Other miscellaneous income		271	404
		5,070	6,321
(c) Interest expense			
International Monetary Fund		20,005	14,579
Other		3	3
		20,008	14,582
(d) Administration expenses			
Staff costs		17,633	16,677
Other costs		8,269	6,810
		25,902	23,487
Total number of employees at period end		208	207
(e) Other expenses			
Depreciation	11	2,446	1,995
Amortisation of intangible assets	10	888	668
Auditor's remuneration			
- Audit fees		69	68
Board remuneration		31	34
Currency issue	8	3,796	4,614
Numismatic		22	46
		7,252	7,425
(f) Allowance for impairment losses			
Movement of the ECL provision during the year is as follows:			
<i>Foreign currency assets</i>			
Short term commercial paper and Current accounts		1	(22)
Marketable securities		(14)	(42)
Other assets		(3)	4
<i>Local currency assets</i>			
Domestic securities		399	(373)
Financing facilities		156	(115)
Other assets		2	(7)
		541	(555)

Reserve Bank of Fiji
Notes to and forming part of the financial statements
For the year ended 31 July 2024

5. External reserves	31 July 2024 \$000	31 July 2023 \$000
Short-term commercial paper	579,535	520,320
Current accounts	280,244	351,189
	859,779	871,509
Less: Allowance for impairment losses	(81)	(80)
	859,698	871,429
Marketable securities		
- Fixed term deposits	616,497	866,436
- Bonds	1,616,456	1,321,516
	2,232,953	2,187,952
Less: Allowance for impairment losses	(43)	(57)
	2,232,910	2,187,895
Gold	4,598	3,666
International Monetary Fund		
- Reserve tranche position	75,670	74,775
- Special drawing rights	420,960	417,792
	496,630	492,567
Total External reserves	3,593,836	3,555,557

Under the provisions of Section 31 of the Reserve Bank of Fiji Act, 1983, the value of the External reserves provided for in Section 30 shall not be less than 50% of the total Demand liabilities of the Bank. At 31 July 2024, the value of the External reserves was 71% (2023: 68%) of total Demand liabilities. The allowance for impairment losses is provided on the short-term commercial paper, current accounts, and marketable securities in accordance with the requirements of IFRS 9.

6. Domestic Securities

Domestic securities principally comprise investment in the Fiji Government bonds and/or semi-governmental bonds.

During the year, \$0.9m was amortised (2023: \$0.8m) to interest income as per the Bank's policy in respect of securities held in the Domestic Bond Portfolio.

	31 July 2024 \$000	31 July 2023 \$000
<i>Movement of Hold-to-collect financial assets</i>		
Opening balance	699,745	701,164
Acquisitions	38,302	1,408
Redemptions	(19,122)	(1,984)
Amortisation	(872)	(843)
	718,053	699,745
Less: Allowance for impairment losses	(1,064)	(665)
Closing balance	716,989	699,080

An allowance for impairment losses has been provided on the Bank's domestic securities in accordance with the requirements of IFRS 9.

Reserve Bank of Fiji

Notes to and forming part of the financial statements

For the year ended 31 July 2024

7. Financing facilities	31 July 2024 \$000	31 July 2023 \$000
Import Substitution and Export Finance Facility (ISEFF)	369,600	480,162
Disaster Rehabilitation and Containment Facility (DRCF)	387,923	464,696
Housing Facility	79,824	85,485
	<u>837,347</u>	<u>1,030,343</u>
Less: Allowance for impairment losses	(469)	(313)
	<u>836,878</u>	<u>1,030,030</u>

The RBF has three financing facilities that have been approved by the Board with a total approved limit of \$1.2 billion as at 31 July 2024 (2023: \$1.2 billion) provided as back-to-back financing to various financial institutions at concessional rates of interest and varying maturities of up to 5 years. The aim of these facilities is to support import and export substitution businesses, assist businesses and homeowners affected by disasters, and COVID-19, and to assist first home buyers to own a home, respectively. Credit guidelines are determined by the financial institutions that tap into these facilities on behalf of their clients as ultimately, they bear the credit risk. The issue of new loans under the ISEFF is suspended and DRCF is closed. The allowance for impairment losses is provided on the Bank's financing facilities in accordance with the requirements of IFRS 9.

8. Currency inventory	31 July 2024 \$000	31 July 2023 \$000
<i>Movement of currency inventory</i>		
Opening balance	13,009	15,535
Consignments received	1,580	2,088
Currency issued	(3,796)	(4,614)
Closing balance	<u>10,793</u>	<u>13,009</u>

9. Other assets	31 July 2024 \$000	31 July 2023 \$000
Accrued interest	13,268	13,712
Prepayments and other receivables	1,812	1,266
Staff loans and advances	315	778
	<u>15,395</u>	<u>15,756</u>
Less: Allowance for impairment losses	(24)	(22)
	<u>15,371</u>	<u>15,734</u>

The allowance for impairment losses is provided on accrued interest and staff loan and advances in accordance with the requirements of IFRS 9.

10. Intangible assets	31 July 2024 \$000	31 July 2023 \$000
<i>Cost</i>		
Opening balance	10,544	4,778
Acquisitions	386	5,766
Disposals	(166)	-
Closing balance	<u>10,764</u>	<u>10,544</u>
<i>Accumulated amortisation</i>		
Opening balance	5,028	4,360
Amortisation charge for the period	888	668
Disposal	(166)	-
Closing balance	<u>5,750</u>	<u>5,028</u>
<i>Carrying amount</i>		
Opening balance	5,516	418
Closing balance	<u>5,014</u>	<u>5,516</u>

Reserve Bank of Fiji
Notes to and forming part of the financial statements
For the year ended 31 July 2024

10. Intangible assets - continued

Intangible assets include costs incurred in acquiring the Bank's computer software. Computer software is capitalised on the basis of costs incurred to acquire and bring to use the specific software.

11. Property, plant and equipment	Freehold land and buildings	Building Improvements	Motor vehicles	Computers and equipment	Plant & machinery, equipment & furniture & fittings	Work in progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost/Valuation							
Balance at 1 August 2022	35,136	1,326	557	4,145	2,470	4,934	48,568
Additions	-	-	-	-	-	4,851	4,851
Transfers from work in progress	-	258	-	1,737	92	(2,087)	-
Transfer to intangible assets	-	-	-	-	-	(5,766)	(5,766)
Disposals	-	(1)	-	(350)	-	-	(351)
Balance at 31 July 2023	35,136	1,583	557	5,532	2,562	1,932	47,302
Balance at 1 August 2023	35,136	1,583	557	5,532	2,562	1,932	47,302
Additions	-	-	-	-	-	1,995	1,995
Transfers from work in progress	-	33	-	1,952	19	(2,004)	-
Transfer to intangible assets	-	-	-	-	-	(386)	(386)
Disposals	-	(62)	-	(430)	-	-	(492)
Balance at 31 July 2024	35,136	1,554	557	7,054	2,581	1,537	48,419
Accumulated depreciation							
Balance at 1 August 2022	618	1,171	346	3,454	1,878	-	7,467
Depreciation for the period	1,219	92	51	525	108	-	1,995
Depreciation on disposals	-	(1)	-	(348)	-	-	(349)
Balance at 31 July 2023	1,837	1,262	397	3,631	1,986	-	9,113
Balance at 1 August 2023	1,837	1,262	397	3,631	1,986	-	9,113
Depreciation for the period	1,222	100	51	955	118	-	2,446
Depreciation on disposal	-	(62)	-	(430)	-	-	(492)
Balance at 31 July 2024	3,059	1,300	448	4,156	2,104	-	11,067
Carrying amount							
Balance at 31 July 2022	34,518	155	211	691	592	4,934	41,101
Balance at 31 July 2023	33,299	321	160	1,901	576	1,932	38,189
Balance at 31 July 2024	32,077	254	109	2,898	477	1,537	37,352

A valuation of the Bank's freehold land and buildings was undertaken in 2022 by independent registered valuers Lomara Associates. Based on the independent valuations, a revaluation increment of \$5.2m was recognised in the financial statements as at 31 July 2022. These level 3 valuations were done on a capitalisation of income approach for commercial properties and a market valuation approach for residential property. Based on the Bank's policy, valuations are carried out every 3 years.

Reserve Bank of Fiji

Notes to and forming part of the financial statements

For the year ended 31 July 2024

12. Demand deposits	31 July 2024 \$000	31 July 2023 \$000
Foreign		
International Monetary Fund	82	245
Local		
Banks' exchange settlement balances	2,128,567	2,508,689
Fiji Government	41,787	12,270
State NBF Trust account	1,180	1,180
International Monetary Fund	743	742
Other depositors	79,700	52,584
	<u>2,251,977</u>	<u>2,575,465</u>

State NBF Trust Account

In accordance with an agreement dated 12 September 1996 between the Fiji Government, the Reserve Bank of Fiji and NBF Asset Management Bank (NBF AMB), where the State established a trust account, known as the State NBF Trust Account, with the Reserve Bank of Fiji, on the basis, among other things, that all money in the trust account is the property of the Fiji Government at all times. The purpose of the State NBF Trust Account is to meet the obligations of the AMB.

The National Bank of Fiji Restructuring Act, 1996, provides that the State, the Reserve Bank of Fiji and AMB may at any time enter into one or more deeds, agreements, arrangements, and understandings relating to the performance by the State of its obligations under the guarantees of deposits with AMB. From 1 April 2007, under Section 30(2)(c)(i) of the Banking Act, 1995, Cabinet agreed that the Bank assume controllership and the ultimate winding down process of the AMB. It also permits the Bank to use money from the State NBF Trust Account to meet any controllership expenses.

13. Payable to the Fiji Government	31 July 2024 \$000	31 July 2023 \$000
Net profit for the year	135,554	102,236
Transfer to General reserve	(1,000)	(1,000)
One-fifth balance of 'Revaluation reserve account - foreign currency'	1,677	2,127
	<u>136,231</u>	<u>103,363</u>

The amount payable to the Fiji Government is made in accordance with Section 8(3) of the Reserve Bank of Fiji Act, 1983. The balance payable at 31 July 2023 was paid in full to the Fiji Government during the year.

14. Currency in circulation	31 July 2024 \$000	31 July 2023 \$000
Notes	982,795	941,507
Coins	78,898	74,251
	<u>1,061,693</u>	<u>1,015,758</u>

The exclusive rights of national currency issue are vested with the Bank. Currency in circulation comprises notes and coins issued by the Bank and represent a claim on the Bank in favour of the holder. Currency in circulation relates to the issue of notes and coins and demonetised currency that have yet to be redeemed, less notes and coins redeemed. The liability for currency in circulation is recorded at face value.

Reserve Bank of Fiji

Notes to and forming part of the financial statements

For the year ended 31 July 2024

15. Employee Entitlements

Wages and Salaries, Annual and Long Service Leave

Liabilities for wages and salaries are recognised in Other Liabilities in respect of employee's services and are measured at the amounts expected to be paid when liabilities are settled.

Long Service Leave and Retirement Benefit

Long Service leave benefits apply to all staff while retirement benefits apply to only permanent non-contract staff members. These benefits are recognised in Other Liabilities in respect of employees' services and are measured at the present value of future payments expected to be made in respect of services provided by employees' up to the reporting date. This is calculated by using a discounted cash flow model. Expected future payments are discounted to their net present value using market yields at the reporting date on government bonds with terms that match as closes as possible to the estimated timing of future cash flows.

Changes in the value of the liability for long service leave and retirement benefits are included within the Statement of Comprehensive Income in staff costs within Administration Expenses. Movements in employee entitlements is analysed below:

	31 July 2024 \$000	31 July 2023 \$000
Opening balance	3,666	3,679
Net movement during the period	185	(13)
Closing balances	3,851	3,666

16. Other liabilities

	31 July 2024 \$000	31 July 2023 \$000
MSME Credit Guarantee Scheme	5,385	5,518
Contract Liability	17	210
Accruals	6,535	6,059
Payment Service Provider – Unclaimed Money	3,299	-
Others	2,886	2,009
	18,122	13,796

The micro small and medium enterprises (MSME) credit guarantee scheme is a government guarantee to pay up to 60% of the principal outstanding on defaulted MSME loans to a limit of \$60,000 per business. Government will also guarantee 75% of the principal outstanding on defaulted loans up to a limit of \$75,000 per business on all MSME loans to women entrepreneurs as well as to those involved in the agriculture, forestry, and fisheries sector. MSME scheme was established in 2012 is administered and managed by the Bank on behalf of Government with the total allocation of \$9.0m to cover lending to all sectors except for loans to sugar cane farmers and government-subsidised businesses. The Bank earns no income nor incur an expense in relation to MSME scheme. The Bank only facilitates payments on behalf of Government under this scheme.

The contractual liabilities relate to the advance consideration received from customers for production and delivery of numismatic or commemorative currency units, for which revenue is recognised point-in-time. The amount of \$0.2m included in contract liabilities of 31 July 2023 has been recognised as revenue in 2024 after meeting the requirements related to numismatic production expenditure.

Pursuant to Section 26 of the National Payments System Regulations 2022, payment service provider (Vodafone) transferred a sum of \$3.3 million to the Bank. This amount represents the unclaimed balances held in dormant accounts with this payment service provider.

Reserve Bank of Fiji

Notes to and forming part of the financial statements

For the year ended 31 July 2024

17. Cash and cash equivalents	31 July 2024 \$000	31 July 2023 \$000
Cash and cash equivalents included in the statement of cash flows comprise of the following:		
Cash on hand - local currency	1,494	1,326
Cash at bank - local currency	1,640	1,686
Cash - foreign currency	280,244	351,190
	283,378	354,202

Cash - foreign currency forms part of short-term commercial paper and current accounts in Note 5.

18. Share capital	31 July 2024 \$000	31 July 2023 \$000
Authorised capital	5,000	5,000
Issued and paid-up capital	2,000	2,000

The authorised capital established under the Reserve Bank of Fiji Act, 1983 is \$5,000,000 which may be increased from time to time by any amount proposed by the Board of Directors and approved by the Minister for Finance. Upon the establishment of the Bank, an initial amount of \$2,000,000 was issued by the Fiji Government as paid capital stock. Any subsequent amount of paid capital stock shall be proposed by the Board of Directors and approved by the Minister for Finance.

19. Reserves

Reserves are maintained to cover the broad range of risks to which the Bank is exposed.

General reserves

The General reserves provide for events which are contingent, and which are non-foreseeable. Transfers to this account is from the profit payable to the Fiji Government, can only take place following an agreement between the Minister for Finance and the Board of Directors, in accordance with Section 8(1)(c) of the Reserve Bank of Fiji Act, 1983.

At the end of the year, the Minister and the Board of Directors have agreed to transfer \$1.0m (2023: \$1.0m) into the General reserve from the profits that is payable to the Fiji Government. For detailed movement refer to Statement of changes in equity.

Fair Value reserve

This reserve records unrealised fair value gains and losses on the Bank's financial instruments measured at fair value through other comprehensive income. In 2011 certain domestic securities classified as Available-for-sale at that time, were reclassified to Held-to-maturity and subsequently measured at amortised cost. The fair value gains for these securities that were previously recorded in this reserve is being amortised from the reserve to interest income over the life of these securities. During the year \$0.6m (2023: \$0.7m written back) has been amortised to domestic interest income.

For detailed movement refer to Statement of changes in equity.

Revaluation reserve account - foreign currency

Currency translation gains and losses arising from revaluation of Bank's assets and liabilities in, or denominated in, gold or foreign currencies are transferred to the Revaluation reserve account - foreign currency (refer Note 2(a)).

Asset revaluation reserve

This reserve records movements between the carrying value and the fair values of the Bank's property and gold holdings. The Bank's freehold land and buildings were revalued in 2022 (refer to Note 11). As at 31 July 2024, the valuation movements of the Bank's gold holdings were captured in the Asset revaluation reserve.

Reserve Bank of Fiji
Notes to and forming part of the financial statements
For the year ended 31 July 2024

19. Reserves - continued

Asset revaluation reserve - continued

The Asset revaluation reserve comprises the following:

	31 July 2024 \$000	31 July 2023 \$000
Asset revaluation reserve		
<i>Property</i>		
Opening balance	28,866	28,866
Revaluation	-	-
Closing balance	28,866	28,866
<i>Gold</i>		
Opening balance	1,772	1,528
Revaluation	543	244
Closing balance	2,315	1,772
Total Asset revaluation reserve		
Opening balance	30,638	30,394
Net movement	543	244
Closing balance	31,181	30,638

Management of capital and reserves

The Bank's capital and reserves management focuses on the Bank's total equity reported in its financial statements. The main drivers of the reported equity are the reported results and the Bank's distribution to the Fiji Government. The Bank's distribution to the Fiji Government is determined under the provisions of the Reserve Bank of Fiji Act, 1983 referred to in Note 13.

The Bank's main capital management objective is to have adequate reserves to effectively carry out its statutory responsibilities. The Bank assesses the extent of the financial risks and the resulting potential for losses arising from its operation. These financial risks are assessed across the statement of financial position to determine the appropriate amount of equity. Such assessments are supplemented with analysis and judgement, where appropriate.

Reserve Bank of Fiji

Notes to and forming part of the financial statements

For the year ended 31 July 2024

20. International Monetary Fund

The Bank was designated to serve with effect from 17 December 1976 as the Fiji Government's fiscal agent for the purposes of the International Monetary Fund, and assumed the Republic of Fiji's obligation of membership from that date.

As at 31 July 2024, the Republic of Fiji's membership subscription to the International Monetary Fund was \$299.1m (2023: \$296.7m). The asset subscription comprises the following:

	31 July 2024 \$000	31 July 2023 \$000
Reserve Tranche Position	75,670	74,775
Currency subscription	223,384	221,913
	299,054	296,688

The Currency subscription portion (asset) is held mainly in the form of non-interest-bearing notes payable on demand, which is subject to an expected credit losses provision. The Bank also records a Currency subscription liability which has a balance of \$222.6m (2023: \$221.2m).

Special drawing rights holdings ("SDR") is an interest-bearing international reserve asset created by the IMF and is allocated to members on the basis of their quotas in the IMF. The IMF approved a general allocation of Special drawing rights equivalent to SDR \$456 billion on the 2 August 2021, to boost global liquidity. From this approved allocation, Fiji received \$283.7m (SDR 94.3m) on the 25 August 2021. The SDR comprises the following:

	31 July 2024 \$000	31 July 2023 \$000
Foreign Currency Asset	420,960	417,792
Foreign Currency Liability	490,542	486,661

The Poverty Reduction and Growth Facility (PRGF) Trust was established by the IMF to meet the objectives of poverty reduction and growth more central to lending operations in its poorest member countries. The facility is administered in line with the Heavily Indebted Poor Countries (HIPC) Initiative, and at balance date this account had a balance of \$0.6m (2023: \$0.6m).

Reserve Bank of Fiji

Notes to and forming part of the financial statements

For the year ended 31 July 2024

21. Financial risk management policies

a) Introduction and overview

The Bank is involved in policy-oriented activities. The Bank identifies risks and implements controls in its operation and management of foreign reserves holdings. The main financial risks that the Bank faces include:

- liquidity risk
- credit risk
- market risk
- operational risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies, and procedures for measuring and managing risk.

Risk management framework

Like most central banks, the nature of the Bank's operations creates exposures to a range of operational and reputational risks. The Board of Directors has overall responsibility of the establishment and oversight of the Bank's risk management framework.

Bank management seeks to ensure that strong and effective risk management and controls systems are in place for assessing, monitoring, and managing risk exposures. The Board of Directors, the Governor and Senior Management are responsible for managing and monitoring the business, strategy, risks, and performance of the Bank. Internal Audit forms part of the Bank's risk management framework. This function reports to the Governor and the Board Audit and Risk Committee on internal audit and related issues. All areas in the Bank are subject to periodic internal audit review.

The majority of the Bank's financial risk arises from the management of foreign and domestic reserves. The Middle Office is responsible for monitoring and reporting compliance with various risk limits and policies. The Bank is subject to an annual external audit. Both external and internal audit arrangements are overseen by the Board Audit and Risk Committee comprising three of the Board's Directors. The Committee meets regularly and reports to the Board of Directors on its activities.

b) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

To limit the liquidity risk, the Bank maintains an adequate level of reserves and taking into consideration the transaction demand on foreign exchange, ensures that at least USD \$50m is maintained in current accounts at all times. The Bank invests in high quality instruments, including commercial paper and debt issued by Governments and Supranationals, all of which are easily converted to cash (refer to maturity analysis on liquidity).

Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net Liquid assets to total Demand liabilities. The Bank's investment guidelines requires that minimum value of foreign currency assets to be held at any point shall not be less than 50% of the total Demand liabilities of the Bank. (Demand liabilities include currency in circulation but exclude non-interest-bearing notes issued to international financial institutions).

As at 31 July 2024, the value of External reserves was 71% (2023:68%) of the total Demand liabilities.

Reserve Bank of Fiji

Notes to and forming part of the financial statements

For the year ended 31 July 2024

21. Financial risk management policies - continued

b) Liquidity risk - continued

Maturity analysis as at 31 July 2024

The maturity analysis noted below includes all financial and non-financial assets and liabilities as at 31 July 2024.

	Contractual cash flows						
	Balance sheet total	Total	0-3 Months	3-12 Months	1-5 Years	Over 5 Years	No Specific Maturity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Foreign currency assets							
Short-term commercial paper and Current accounts	859,698	891,970	442,356	449,614	-	-	-
Marketable securities ³⁷	2,260,586	2,430,544	207,541	922,436	1,300,567	-	-
Gold	4,598	4,598	4,598	-	-	-	-
IMF - Reserve tranche position	75,670	75,670	75,670	-	-	-	-
- Special drawing rights	420,960	420,960	420,960	-	-	-	-
- PRGF - HIPC Trust	590	590	-	-	590	-	-
- Currency subscription	223,384	223,384	-	-	-	-	223,384
	3,845,486	4,047,716	1,151,125	1,372,050	1,301,157	-	223,384
Local currency assets							
Cash on hand	3,134	3,134	3,134	-	-	-	-
Domestic securities	716,989	1,268,263	11,988	29,674	183,056	1,043,545	-
Financing facilities	836,878	842,300	51,358	96,754	693,108	1,080	-
Currency inventory	10,793	10,793	10,793	-	-	-	-
Other assets	15,371	2,127	108	46	-	259	1,714
Intangibles	5,014	5,014	-	-	-	-	5,014
Property, plant and equipment	37,352	37,352	-	-	-	-	37,352
	1,625,531	2,168,983	77,381	126,474	876,164	1,044,884	44,080
Total assets	5,471,017	6,216,699	1,228,506	1,498,524	2,177,321	1,044,884	267,464
Foreign currency liabilities							
Demand deposits	82	82	82	-	-	-	-
IMF - PRGF - HIPC Trust	590	590	-	-	590	-	-
IMF - Special drawing rights allocation	490,542	490,542	-	-	-	-	490,542
	491,214	491,214	82	-	590	-	490,542
Local currency liabilities							
Demand deposits	2,251,977	2,251,977	2,251,977	-	-	-	-
Payable to the Fiji Government	136,231	136,231	136,231	-	-	-	-
Currency in circulation	1,061,693	1,061,693	-	-	-	-	1,061,693
Statutory reserve deposit	1,194,895	1,194,895	-	-	-	-	1,194,895
IMF - Notes currency subscription	222,641	222,641	-	-	-	-	222,641
Other liabilities	21,973	21,973	16,588	-	5,385	-	-
	4,889,410	4,889,410	2,404,796	-	5,385	-	2,479,229
Total liabilities	5,380,624	5,380,624	2,404,878	-	5,975	-	2,969,771
Net assets	90,393	836,075	(1,176,372)	1,498,524	2,171,346	1,044,884	(2,702,307)

³⁷ Includes accrued interest

Reserve Bank of Fiji
Notes to and forming part of the financial statements
For the year ended 31 July 2024

21. Financial risk management policies - continued

b) Liquidity risk - continued

Maturity analysis as at 31 July 2024 - continued

The maturity analysis noted below includes all financial and non-financial assets and liabilities as at 31 July 2023.

	Contractual cash flows						
	Balance sheet total	Total	0-3 Months	3-12 Months	1-5 Years	Over 5 Years	No Specific Maturity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Foreign currency assets							
Short-term commercial paper and Current accounts	871,429	903,517	439,734	463,783	-	-	-
Marketable securities ³⁸	2,224,562	2,327,560	476,225	1,016,522	834,813	-	-
Gold	3,666	3,666	3,666	-	-	-	-
IMF - Reserve tranche position	74,775	74,775	74,775	-	-	-	-
- Special drawing rights	417,792	417,792	417,792	-	-	-	-
- PRGF - HIPC Trust	585	585	-	-	585	-	-
- Currency subscription	221,913	221,913	-	-	-	-	221,913
	3,814,722	3,949,808	1,412,192	1,480,305	835,398	-	221,913
Local currency assets							
Cash on hand	3,012	3,012	3,012	-	-	-	-
Domestic securities	699,080	1,273,054	12,671	46,134	158,244	1,056,005	-
Financing facilities	1,030,030	1,038,871	17,307	6,905	1,014,659	-	-
Currency inventory	13,009	13,009	13,009	-	-	-	-
Other assets	15,734	2,019	20	-	-	778	1,221
Intangibles	5,516	5,516	-	-	-	-	5,516
Property, plant and equipment	38,189	38,189	-	-	-	-	38,189
	1,804,570	2,373,670	46,019	53,039	1,172,903	1,056,783	44,926
Total assets	5,619,292	6,323,478	1,458,211	1,533,344	2,008,301	1,056,783	266,839
Foreign currency liabilities							
Demand deposits	245	245	245	-	-	-	-
IMF - PRGF - HIPC Trust	585	585	-	-	585	-	-
IMF - Special drawing rights allocation	486,661	486,661	-	-	-	-	486,661
	487,491	487,491	245	-	585	-	486,661
Local currency liabilities							
Demand deposits	2,575,465	2,575,465	2,575,465	-	-	-	-
Payable to the Fiji Government	103,363	103,363	103,363	-	-	-	-
Currency in circulation	1,015,758	1,015,758	-	-	-	-	1,015,758
Statutory reserve deposit	1,136,295	1,136,295	-	-	-	-	1,136,295
IMF - Notes currency subscription	221,171	221,171	-	-	-	-	221,171
Other liabilities	17,462	17,462	11,944	-	5,518	-	-
	5,069,514	5,069,514	2,690,772	-	5,518	-	2,373,224
Total liabilities	5,557,005	5,557,005	2,691,017	-	6,103	-	2,859,885
Net assets	62,287	766,473	(1,232,806)	1,533,344	2,002,198	1,056,783	(2,593,046)

³⁸ Includes accrued interest

Reserve Bank of Fiji

Notes to and forming part of the financial statements

For the year ended 31 July 2024

21. Financial risk management policies - continued

c) Credit risk

Credit risk relates to the risk of loss to the Bank from the failure of a counterparty to a transaction to meet its contractual obligations and arises principally from the Bank's investments, and loans and advances to customers and other banks. For risk management purposes, the Bank prescribes minimum credit ratings acceptable for investment and specifies the maximum permissible credit exposure to individual banks and countries. The minimum credit ratings for investments are PI/A3 for short-term debt and PI/Aaa for long-term.

The Bank uses Standard and Poor's, Moody's, and Fitch credit ratings for assessing the credit risk of foreign counterparties. The credit ratings of counterparties, which are used in the calculation of the expected credit losses allowances, are closely monitored, and are updated as new market information such as external credit ratings become available. When external credit ratings are not published or available, the Bank monitors changes in credit risk by available press and regulatory information. Foreign exchange limits per bank are imposed for all currency dealings.

The Bank's maximum credit risk, excluding the value of collateral is generally reflected in the carrying value of financial assets. The Bank does not require collateral in respect of financial assets except in respect of loans to staff. The total exposure of credit risk in the Bank's portfolio is as follows:

	31 July 2024 \$000	31 July 2023 \$000
Foreign currency assets		
Short-term commercial paper and Current accounts	859,779	871,509
Marketable securities	2,232,953	2,187,952
International Monetary Fund	720,605	715,065
Gold	4,598	3,666
Accrued Interest	27,680	36,667
	<u>3,845,615</u>	<u>3,814,859</u>
Less: Allowance for impairment losses	(129)	(144)
	<u>3,845,486</u>	<u>3,814,715</u>
Local currency assets		
Domestic securities	718,053	699,745
Financing facilities	837,347	1,030,343
Other assets	13,582	14,490
	<u>1,568,982</u>	<u>1,744,578</u>
Less: Allowance for impairment losses	(1,557)	(1,000)
	<u>1,567,425</u>	<u>1,743,578</u>
	<u>5,412,911</u>	<u>5,558,293</u>

The Bank monitors credit risk by currency and sector. An analysis of concentrations of credit risk is shown below:

Concentration by currency	31 July 2024		31 July 2023	
	\$000	%	\$000	%
USD	1,352,754	25	1,281,524	23
YEN	74,473	1	88,951	2
GBP	95	-	113	-
EURO	85,370	2	87,068	2
AUD	926,648	17	941,692	17
NZD	680,717	13	695,719	13
SDR	725,558	13	719,799	13
FJD	1,568,982	29	1,744,577	30
	<u>5,414,597</u>		<u>5,559,443</u>	
Less: Allowance for impairment losses	(1,686)		(1,144)	
Total financial assets	5,412,911	100	5,558,299	100

Reserve Bank of Fiji
Notes to and forming part of the financial statements
For the year ended 31 July 2024

21. Financial risk management policies - continued

c) Credit risk - continued

	31 July 2024		31 July 2023	
	\$000	%	\$000	%
Concentration by sector				
Foreign currency assets				
Central banks	254,901	7	330,153	9
Commercial banks	1,237,881	32	1,434,527	38
Government	565,044	15	459,310	12
Semi Government	5,354	-	14,466	-
Supranational	1,056,865	27	856,591	22
International Monetary Fund	720,605	19	715,066	19
Others	4,965	-	4,753	-
Less: Allowance for impairment losses	(129)	-	(144)	-
	3,845,486	100	3,814,722	100
Local currency assets				
Government and statutory bodies	1,048,183	67	1,041,821	60
Commercial banks	520,484	33	701,143	40
Others	315	-	1,613	-
Less: Allowance for impairment losses	(1,557)	-	(1,000)	-
	1,567,425	100	1,743,577	100
Total financial assets	5,412,911		5,558,299	

Credit exposure by credit rating

The Bank averages the credit ratings provided by the above agencies, rounded down to the lower rating in case the composite is between two ratings. The rating agencies are evenly weighted when calculating the composite. An analysis of the credit quality based on Standard and Poor's, Moody's and Fitch credit ratings is as follows:

	31 July 2024		31 July 2023	
	\$000	%	\$000	%
Summary by major credit category				
<i>Foreign currency financial asset by major credit category:</i>				
Aaa	1,516,922	39	1,234,286	32
Aa1	64,832	2	161,187	4
Aa2	12	-	20	-
Aa3	847,949	22	1,034,572	27
A1	339,767	9	396,624	11
A2	72,947	2	39,972	1
A3	-	-	-	-
International Monetary Fund	720,605	19	715,066	19
Central Banks	250,303	6	192,800	5
Others and Not rated	32,278	1	40,339	1
Less: Allowance for impairment losses	(129)	-	(144)	-
	3,845,486	100	3,814,722	100
<i>Local currency financial asset by major credit category:</i>				
Others and Not rated	1,568,982	100	1,744,577	100
Less: Allowance for impairment losses	(1,557)	-	(1,000)	-
	1,567,425	100	1,743,577	100
Total financial assets	5,412,911	100	5,558,299	100

Reserve Bank of Fiji

Notes to and forming part of the financial statements

For the year ended 31 July 2024

21. Financial risk management policies - continued

c) Credit risks - continued

Credit exposure by credit rating - continued

Foreign currency assets under 'Others and Not Rated' includes Gold holdings, accrued interest on Financial Instruments & IMF Reserve Tranche & SDR Holdings. Local currency assets under 'Others and Not Rated' include financial instruments held with the Fiji Government, the local commercial banks, the Fiji Sugar Corporation Limited, the Fiji Development Bank and staff loans and advances.

d) Market risks

Market risk is the risk that relates to changes in market prices such as interest rates and foreign exchange rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

Interest rate risk management

The principal risk to which trading portfolio is exposed is the risk of loss from fluctuations in future cash flows or fair value of financial instruments because of a change in market interest rates. The Bank limits interest rate risk by modified duration targets. The investment strategy in relation to the duration for the total portfolio is six months. The duration of the portfolio is re-balanced regularly to maintain the targeted duration.

Sensitivity to interest rate risk

The Bank has invested in \$2.8 billion reserves with fixed interest rate. Given the fixed nature of these investments, the Bank uses modified duration target to manage the interest rate risk.

Foreign exchange risk management

Exchange rate risk relates to the risk of loss of foreign reserves arising from changes in the exchange rates against the Fijian dollar. The Bank has adopted a currency risk management policy, which maintains the Fijian dollar value of the foreign reserves and manages the fluctuations in the Revaluation reserve account - foreign currency.

The Bank's exposure to foreign exchange risk, based on notional amounts, was as follows:

Notional carrying amounts as at 31 July 2024

	USD \$000	YEN 000	GBP 000	EURO 000	AUD \$000	NZD \$000	SDR 000
Foreign currency assets							
Short-term commercial paper and Current account	51,663	4,977,008	32	2,269	257,920	204,071	-
Marketable securities	530,330	-	-	32,048	359,430	298,220	-
Gold	2,010	-	-	-	-	-	-
Accrued interest	7,285	-	-	199	2,114	1,780	1,630
International Monetary Fund							
- Reserve tranche position	-	-	-	-	-	-	24,898
- Special drawing rights	-	-	-	-	-	-	138,511
- PRGF - HIPC Trust	-	-	-	-	-	-	194
- Currency subscription	-	-	-	-	-	-	73,502
Total foreign currency assets	591,288	4,977,008	32	34,516	619,464	504,071	238,735
Foreign currency liabilities							
Demand deposits	-	-	-	-	-	-	(27)
IMF - PRGF - HIPC Trust	-	-	-	-	-	-	(194)
IMF - Special drawing rights allocation	-	-	-	-	-	-	(161,406)
Total foreign currency liabilities	-	-	-	-	-	-	(161,627)
Carrying amount	591,288	4,977,008	32	34,516	619,464	504,071	77,108

Reserve Bank of Fiji
Notes to and forming part of the financial statements
For the year ended 31 July 2024

21. Financial risk management policies - continued

d) Market risks - continued

Notional carrying amounts as at 31 July 2023

	USD \$000	YEN 000	GBP 000	EURO 000	AUD \$000	NZD \$000	SDR 000
Foreign currency assets							
Short-term commercial paper and Current account	59,494	5,593,239	39	1,931	212,435	235,827	-
Marketable securities	500,235	-	-	33,103	411,930	265,026	-
Gold	1,633	-	-	-	-	-	-
Accrued interest	9,428	-	-	143	5,062	2,013	1,570
International Monetary Fund							
- Reserve tranche position	-	-	-	-	-	-	24,800
- Special drawing rights	-	-	-	-	-	-	138,565
- PRGF - HIPC Trust	-	-	-	-	-	-	194
- Currency subscription	-	-	-	-	-	-	73,600
Total foreign currency assets	570,790	5,593,239	39	35,177	629,427	502,866	238,729
Foreign currency liabilities							
Demand deposits	-	-	-	-	-	-	(81)
IMF - PRGF - HIPC Trust	-	-	-	-	-	-	(194)
IMF - Special drawing rights allocation	-	-	-	-	-	-	(161,406)
Total foreign currency liabilities	-	-	-	-	-	-	(161,681)
Carrying amount	570,790	5,593,239	39	35,177	629,427	502,866	77,048

The following significant exchange rates were used at period end to convert foreign currency balances to the Fijian dollar equivalent.

Reporting date spot rate

	31 July 2024	31 July 2023
USD	0.4371	0.4454
YEN	66.830	62.880
GBP	0.3406	0.3466
EURO	0.4043	0.4043
AUD	0.6685	0.6684
NZD	0.7405	0.7228
SDR	0.3290	0.3317

Reserve Bank of Fiji

Notes to and forming part of the financial statements

For the year ended 31 July 2024

21. Financial risk management policies - continued

d) Market risks - continued

Sensitivity analysis for exchange rate

A 10% strengthening and a 10% weakening of the Fijian dollar against the above currencies at 31 July would have the following impact on equity as shown below.

Effect on equity - Increase in equity/ (Decrease in equity)

Period end	Strengthening by 10%		Weakening by 10%	
	31 July 2024	31 July 2023	31 July 2024	31 July 2023
	\$000	\$000	\$000	\$000
USD	(122,977)	(116,502)	150,306	142,391
YEN	(6,770)	(8,086)	8,275	9,884
GBP	(9)	(10)	11	13
EURO	(7,761)	(7,910)	9,486	9,667
AUD	(84,241)	(85,608)	102,961	104,632
NZD	(61,883)	(63,247)	75,635	77,302
SDR	(21,304)	(21,119)	26,038	25,812
FJD impact	(304,945)	(302,483)	372,712	369,701

e) Operational Risk Management

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology, and infrastructure and from external factors, other than liquidity, credit, and market risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of the Bank's operations.

Managing operational risk in the Bank is an integral part of day-to-day operations and oversight. This includes adherence to Bank wide corporate policies. There is also an active internal audit function carried out on a quarterly basis.

To reduce operational risks in foreign reserves operations there is a clear segregation of duties between the Front Office (dealing) and the Back Office (settlements function). The Front Office comprises teams of officers (dealers) who are duly authorised to transact on behalf of the Bank. The Back Office comprises officers who independently process and settle all the deals undertaken by the Front Office.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to Senior Management within each business group. This responsibility is supported by the development of overall and business group-specific policies and procedures. The Middle Office and Internal and External Audit functions also ensure that operational risk is effectively minimised and managed.



Reserve Bank of Fiji

Notes to and forming part of the financial statements

For the year ended 31 July 2024

22. Fair values of financial assets and liabilities

The fair value of an instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, and willing parties in an arm's length transaction. Quoted market values represent fair value when a financial instrument is traded in an organised and liquid market that is able to absorb a significant transaction without moving the price against the trader.

The valuation of the Bank's financial assets and liabilities are discussed below:

External reserves

The reported value of External reserves is considered to be its fair value due to the short-term nature of the financial assets except bonds. Bonds are however subsequently measured at fair value.

Domestic securities

The fair value of the Bank's Domestic securities is \$810.4m (2023: \$796.2m), based on quoted market prices.

Statutory reserve deposits

The carrying value of Statutory reserve deposits are considered to approximate their fair value.

Demand deposits

The carrying value of Demand deposits are considered to approximate their fair value as they are payable on demand.

Currency in circulation

The carrying value of Currency in circulation is reported at its fair value in the financial statements.

Other financial assets and liabilities

The reported values of other financial assets and liabilities is at fair value. Net gains/losses, including any interest, are recognised in the statement of comprehensive income.

Valuation of financial instruments

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted market prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.



Reserve Bank of Fiji

Notes to and forming part of the financial statements

For the year ended 31 July 2024

22. Fair values of financial assets and liabilities - continued

Valuation of financial instruments - continued

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation techniques include inputs not based on observable data and the unobservable inputs have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value at the end of the reporting period.

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
31 July 2024				
<i>Local currency assets</i>				
Domestic Securities	810,431	-	-	810,431
Less: Allowance for impairment losses	(1,064)	-	-	(1,064)
	809,367	-	-	809,367
<i>Foreign currency assets</i>				
FVOCI financial assets at quoted market price	1,616,456	-	-	1,616,456
Gold	4,598	-	-	4,598
	1,621,054	-	-	1,621,054
Less: Allowance for impairment losses	(6)	-	-	(6)
	1,621,048	-	-	1,621,048
31 July 2023				
<i>Local currency assets</i>				
Domestic Securities	796,238	-	-	796,238
Less: Allowance for impairment losses	(665)	-	-	(665)
	795,573	-	-	795,573
<i>Foreign currency assets</i>				
FVOCI financial assets at quoted market price	1,321,516	-	-	1,321,516
Gold	3,666	-	-	3,666
	1,325,182	-	-	1,325,182
Less: Allowance for impairment losses	(5)	-	-	(5)
	1,325,177	-	-	1,325,177

During the period ended 31 July 2024, there were no transfers in and out of the fair value hierarchy levels mentioned above.

Sensitivity analysis

A 10% strengthening of the quoted market prices against the above foreign FVOCI financial assets at 31 July would have increased equity by the amounts shown below. A 10% weakening of market prices at 31 July would have had the equal but opposite effect.

Effect on equity

Period end	31 July 2024 \$000	31 July 2023 \$000
USD	61,376	42,625
EURO	6,690	5,962
AUD	53,767	47,265
NZD	40,273	36,667
FJD impact	162,106	132,519

Reserve Bank of Fiji

Notes to and forming part of the financial statements

For the year ended 31 July 2024

23. Related parties

Identity of related parties

The Bank has related party relationships with the Board of Directors, the Executive Management, and the Fiji Government and NBF AMB. The members of the Board of Directors during the year were:

- Ariff Ali (Chairman and Governor);
- Shiri Krishna Gounder (Ex-officio member);
- Pradeep Patel (served as Board Director from 9 June 2014 to 8 June 2024);
- Tony Whitton (served as Board Director from 3 March 2015 to 2 March 2024);
- Nikita Patel (appointed on 14 February 2021 and reappointed on 14 February 2024);
- Bobby Naimawi (appointed on 14 February 2021 and reappointed on 14 February 2024);
- Peni Sikivou (appointed on 1 February 2024);
- Ashnita Kisun Deo (appointed on 1 April 2024); and
- Fantasha Lockington (appointed on 9 June 2024).

In April 2007 Cabinet agreed under the Banking Act for the Reserve Bank to assume controllership of the winding down process of NBF AMB.

During the period the following persons were the executives identified as key management personnel, with the greatest authority and responsibility for planning and controlling the activities of the Bank:

Ariff Ali	Governor
Esala Masitabua	Deputy Governor (seconded to IMF for 2 years from 1 November 2023).
Susan Kumar	Chief Manager Currency and Corporate Services and Acting Deputy Governor from 08 April 2024 to 04 October 2024.
Caroline Waqabaca	Chief Manager Financial Systems Development. Acted as Deputy Governor from 05 October 2023 to 05 April 2024.
Vilimaina Dakai	Chief Manager Financial Institutions.
Petaia Tuimanu	Chief Manager Financial Markets.
Ragni Singh	Chief Manager Risk Management and Communications.
Jacinta Hesaie	Acting Chief Manager Economics, from 01 January 2023 to 17 December 2023 and from 08 April 2024 to 31 December 2024.
Rohitesh Chand	Acting Chief Manager Currency and Corporate Services from 08 April 2024 to 04 October 2024.
Shelvin Karan	Acting Chief Manager Economics from 18 December 2023 to 05 April 2024.
Subrina Hanif	Board Secretary.

Transactions with related parties

In the normal course of its operations, the Bank enters into transactions with related parties identified above. The transactions with the Board of Directors and Executive Management include the payment of board remuneration and salaries, respectively, and certain benefits, including medical and insurance benefits.

The transactions with Fiji Government include banking services, foreign exchange transactions, registry transactions and purchase of Government securities. An analysis of transaction with Fiji Government is shown below.

	31 July 2024 \$000	31 July 2023 \$000
Interest and other income earned from Government securities	42,473	41,687
Interest income receivable from Government securities	13,071	13,516
Payable to Fiji Government	136,231	103,363
Bank's investment in Government securities	716,989	699,080
	908,764	857,646

The Bank also provides an overnight standby facility to the Fiji Government. At the end of the year, the approved facility of \$20m (2023: \$20m) was not utilised.

Reserve Bank of Fiji

Notes to and forming part of the financial statements

For the year ended 31 July 2024

23. Related parties - continued

The transactions with the respective related parties are carried out on normal commercial terms or in accordance with the legislative provisions.

During the year the following remuneration were made to board of directors and key management personnel:

	31 July 2024 \$000	31 July 2023 \$000
Board remuneration expenses and other benefits	89	54
Key management personnel:		
- Short-term employee benefits	2,020	2,139
- Long-term employee benefits	57	120
	2,166	2,313

24. Commitments

Commitments not otherwise provided for in the financial statements and which existed at 31 July 2024 comprise:

	31 July 2024 \$000	31 July 2023 \$000
Foreign exchange transactions:		
- Sales	88,746	49,692
- Purchases	11,404	10,943
Capital commitments		
- Other assets	571	1,039
Commitments to the Fiji Government		
- Overnight Standby Facility	20,000	20,000

25. Lease receivable

The Bank leases out certain floors of the Reserve Bank building. The operating lease rentals receivable are as follows:

	31 July 2024 \$000	31 July 2023 \$000
Receivable not later than one year	548	548
Receivable later than one year but not later than five years	602	1,225
	1,150	1,773

26. Events subsequent to balance date

There has not arisen in the interval between the end of the period and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the Directors of the Bank, to affect significantly the operations of the Bank, the results of those operations, or the state of affairs of the Bank, in future financial periods.

FIVE-YEAR HISTORICAL INFORMATION

	Audited 2019-20	Audited 2020-21	Audited 2021-22	Audited 2022-23	Audited 2023-24
	\$000	\$000	\$000	\$000	\$000
Five Year Financial Position					
Assets					
Foreign Currency	2,342,067	3,349,072	3,824,861	3,814,722	3,845,486
Local Currency	718,217	767,053	1,730,739	1,804,570	1,625,531
Total Assets	3,060,284	4,116,125	5,555,600	5,619,292	5,471,017
Liabilities & Equity					
Foreign Currency	201,827	200,646	471,982	487,491	491,214
Local Currency	2,757,097	3,830,418	5,020,300	5,069,514	4,889,410
Net Assets/Equity	101,360	85,061	63,318	62,287	90,393
Total Liabilities & Equity	3,060,284	4,116,125	5,555,600	5,619,292	5,471,017
Five Year Financial Performance					
Income					
Interest Income	53,822	49,681	59,447	140,854	184,187
Other Income	5,070	9,100	11,432	6,321	5,070
Total Income	58,892	58,781	70,879	147,175	189,257
Expenses					
Interest Expense	1,060	153	1,454	14,582	20,008
Administration Expenses	20,401	20,583	20,362	23,487	25,902
Other Expense	7,308	6,354	7,056	6,870	7,793
Total Expenses	28,769	27,090	28,872	44,939	53,703
Net Profit for the year	30,123	31,691	42,007	102,236	135,554
Five-year Profit and One-fifth balance of Revaluation Reserve Paid to the Fijian Government (\$M)					
Net Profit after transfer to general reserves	29.1	30.7	41.0	101.3	134.5
One-fifth balance of RRA	2.7	2.2	3.4	2.1	1.7
Total Payment to Fijian Government	31.8	32.9	44.4	103.4	136.2

Notes:

Details of the financial year periods in the above 5-year historical information are outlined below:

- 2019-20: 1 Aug 2019 to 31 July 2020
- 2020-21: 1 Aug 2020 to 31 July 2021
- 2021-22: 1 Aug 2021 to 31 July 2022
- 2022-23: 1 Aug 2022 to 31 July 2023
- 2023-24: 1 Aug 2023 to 31 July 2024

FIJI: KEY ECONOMIC AND FINANCIAL INDICATORS

FIJI: KEY ECONOMIC AND FINANCIAL INDICATORS

	2019	2020	2021	2022	2023	2024
I. GDP¹						
GDP at Market Price (\$ Million)	11,762.1	9,613.2	8,914.1	10,939.9r	12,245.3p	13,613.3f
GDP per Capita at Market Price (\$)	13,150.6	10,691.1	9,861.5	12,039.1r	13,405.1p	14,824.6f
Constant Price GDP Growth Rate (%)	-0.6	-17.0	-4.9	19.8r	7.5p	2.8f
II. LABOUR MARKET²						
Wage and Salary Earners (mid-year)	180,106	137,496	n.a	n.a	n.a	n.a
III. INFLATION (year-on-year % change)³						
All Items	-0.9	-2.8	3.0	3.1	5.1	6.8
IV. EXTERNAL TRADE⁴						
Current Account Balance (\$ Million)	-1,509.1	-1,318.1	-1,164.4	-1,889.8r	-945.2r	-553.6f
Capital Account Balance (\$ Million)	6.9	7.7	6.6	6.5r	7.5r	6.6f
Financial Account Balance (\$ Million) ⁵	-1,199.8	-790.6	-618.5	-1,329.3r	-608.8r	-965.03f
Current Account Balance (% of GDP)	-12.7	-13.6	-13.1	-17.4	-8.7	-4.1f
V. FOREIGN EXCHANGE RESERVES (\$ Million)⁶						
Foreign Reserves	2,219.8	2,192.5	3,201.4	3,430.6	3,555.7	3,581.1
VI. MONEY AND CREDIT (year-on-year % change)⁶						
Broad Money	3.2	1.0	11.4	5.1	9.1	8.1
Narrow Money	0.8	10.1	23.4	10.4	10.5	8.1
Currency in Circulation	2.9	4.9	8.7	3.5	4.5	2.9
Domestic Credit ⁶	4.9	2.3	3.9	5.2	9.2	9.0
VII. INTEREST RATES (% p.a.)⁸						
RBF OPR ⁷	0.50	0.25	0.25	0.25	0.25	0.25
Lending Rate	6.30	6.12	5.77	5.20	4.77	4.60
Savings Deposit Rate	1.10	0.54	0.42	0.39	0.42	0.30
Time Deposit Rate	4.10	3.16	1.99	1.22	1.40	1.75
Minimum Lending Rate	1.00	0.50	0.50	0.50	0.50	0.50
VIII. EXCHANGE RATES (mid rates, F\$1 equals: end of period)⁸						
US dollar	0.4663	0.4904	0.4722	0.4511	0.4517	0.4371
REER (January 1999 = 100)	102.43	99.33	97.20	94.38	92.59	93.54
IX. Government Finance (\$ Million)⁹	2019-20	2020-21r	2021-22a	2022-23r	2023-24r	2024-25b
Total Revenue and Grants*	2,685.1	2,115.0	2,161.4	2,710.6	3,494.5	3,799.6
Total Expenditure*	3,322.1	3,162.3	3,384.7	3,550.0	4,023.1	4,435.2

*excludes government VAT

Sources: Commercial Banks, Fiji Bureau of Statistics, Ministry of Economy, Macroeconomic Committee and Reserve Bank of Fiji

Notes:

¹ GDP Figures from 2019 to 2024 are based on the 2014 GDP base.

² Wage & Salary Earners (mid-year) are sourced from the 2020 Annual Paid Employment Survey.

³ 2024 – July inflation rate (2014 base).

⁴ Balance of Payments values include aircraft imports and financing.

⁵ "-" Indicates Net Borrowing i.e. the economy receives funds from the rest of the world.

⁶ Credit to the private sector is adjusted for AMB's non-performing loans and advances.

⁷ The RBF OPR came into effect in 2010.

⁸ Data for 2024 is July end.

⁹ Source from the National Budget Supplement and Government's fiscal performance report published by the MoF.

Key:

a - actual

p - provisional

b - budgeted

r - revised

p.a. - per annum

n.a - not available

ABBREVIATIONS

ACH	Automated Clearing House	MTCMSMEC	Ministry of Trade, Cooperatives, MSMEs and Communications
ADB	Asian Development Bank	NDA	Net Domestic Assets
AFI	Alliance for Financial Inclusion	NEC	National Employment Centre
ATS	Automated Transfer System	NEER	Nominal Effective Exchange Rate
AUD	Australian dollar	NFA	Net Foreign Assets
BARC	Board Audit and Risk Committee	NFIS	National Financial Inclusion Strategy
BCP	Business Continuity Plan	NFISP	Financial Inclusion Strategic Plan
BGC	Board Governance Committee	NFIT	National Financial Inclusion Taskforce
BRS	Business Resumption Site	NPS	National Payment System
BSPS	Banking Supervision Policy Statement	NZ	New Zealand
COI	Conflict of interest	NZD	New Zealand dollar
CSD	Central Securities Depository	OF	Order of Fiji
CMSPS	Capital Markets Supervision Policy Statement	OHS	Occupational Health and Safety
DRCF	Disaster Rehabilitation and Containment Facility	OPR	Overnight Policy Rate
ECB	European Central Bank	P2P	Person-to-Person
EFTPOS	Electronic Funds Transfer at Point of Sale	PFIP	Pacific Financial Inclusion Programme
ESG	Environment, Social and Governance	PFTAC	Pacific Financial Technical Assistance Centre
EUR	Euro	PICAP	Pacific Insurance and Climate Adaptation Programme
FDB	Fiji Development Bank	PSPR	Personal Property Securities Registry
FHRI	Fiji Human Resources Institute	PSF	Permanent Secretary for Finance
FIA	Fiji Institute of Accountants	QMT	Quality Management Teams
FIB	Fiji Institute of Bankers	RBF	Reserve Bank of Fiji
FICA	Fiji Institute of Chartered Accountants	REER	Real Effective Exchange Rate
FICAC	Fiji Independent Commission Against Corruption	ROA	Return on Assets
FinTech	Financial Technology	RRA	Revaluation Reserve Account
FJD	Fijian dollar	RTGS	Real Time Gross Settlement System
FNPF	Fiji National Provident Fund	SDG	Sustainable Development Goals
FRCS	Fiji Revenue & Customs Service	SME	Small and Medium Enterprises
FSR	Financial Stability Review	SPX	South Pacific Stock Exchange
FTR	Financial Transactions Reporting	SRD	Statutory Reserve Deposits
FY	Financial Year	SWIFT	Society for Worldwide Interbank Financial Telecommunication
GDP	Gross Domestic Product	TNA	Training Needs Analysis
GRCL	General Reserves for Credit Losses	UNCDF	United Nations Capital Development Fund
HA	Housing Authority	US	United States
HR	Human Resources	USD	US Dollar
IIA	Institute of Internal Auditors	USP	University of the South Pacific
IMF	International Monetary Fund	VAT	Value Added Tax
ISEFF	Import Substitution and Export Finance Facility	WEO	World Economic Outlook
ISPS	Insurance Supervision Policy Statement		
IT	Information Technology		
JPY	Japanese Yen		
KPIs	Key Performance Indicators		
LFIs	Licensed Financial Institutions		
LMCC	Labour Management Consultation and Committee		
MC	Macroeconomic Committee		
MIS	Managed Investment Schemes		
MNOs	Mobile network operators		
MSMEs	Micro, Small and Medium Enterprises		
MSMECGS	Micro, Small and Medium Enterprises Credit Guarantee Scheme		



RESERVE BANK OF FIJI

The great double-hulled, ocean-going canoes (Drua) of the ancient Fijians were remarkable crafts capable of long voyages. The tagaga (pronounced “tangaga”) or masthead, was crucial for holding in place the sails, woven from the leaves of the pandanus tree. It was the tagaga which enabled the navigators to keep their drua sailing towards their destinations.

For the Reserve Bank of Fiji, a logo based on the tagaga masthead, symbolises the Bank’s role in contributing towards a sure and steady course for Fiji’s economy.



RESERVE BANK OF FIJI

Postal:
Private Mail Bag, Suva, Fiji

Telephone:
(679) 331 3611

Facsimile:
(679) 330 2094

Email:
info@rbf.gov.fj

Website:
www.rbf.gov.fj

